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ABSTRACT

The No Child Left Behind (NCLB) Act was signed into law on January 8, 2002, by President George W. Bush. Principles and strategies incorporated into the Act include: increased accountability for states, school districts, and schools; greater choice for parents and students; greater flexibility for states and school districts in the use of federal education dollars; and a stronger emphasis on teaching methods grounded in scientifically based research. The President's 2003 budget for education provides new resources to help states, school districts, and schools implement the NCLB Act and improve educational opportunities for all students. He is requesting $50.3 billion in discretionary appropriations for the Department of Education in fiscal year 2003, an increase of $1.4 billion over the 2002 enacted level. The following subjects are covered in this document: the 2003 Budget, and the 2003 Education Budget by Program Area. Program areas include: (1) Elementary and Secondary Education; (2) Special Education and Rehabilitative Services; (3) Vocational and Adult Education; (4) Student Financial Assistance; (5) Higher Education Programs; (6) Education Research, Statistics, and Assessment; and (7) Departmental Management. An appendix includes a table showing total expenditures for education in the United States, and a budget table detailed by program. (RT)

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DEPARTMENT OF EDUCATION

Fiscal Year 2003 Budget Summary

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Fiscal Year 2003 Budget
Summary and Background Information

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For further information on the Department and its activities, visit us at www.ed.gov, or call 1-800-USA-LEARN

Our schools will have higher expectations. We believe every child can learn.
Our schools will have greater resources to help meet those goals.
Parents will have more information about the schools,
and more say in how their children are educated.
From this day forward, all students will have a better chance to learn,
to excel, and to live out their dreams.

President George W. Bush
January 8, 2002

I. SUMMARY OF THE 2003 BUDGET

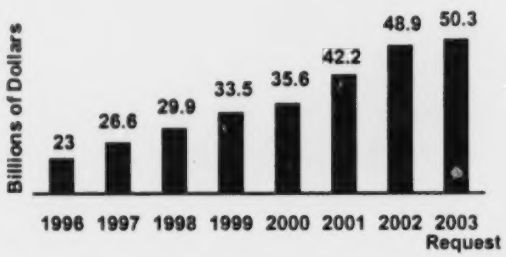
Three days after taking office in January 2001 as the 43rd President of the United States, George W. Bush announced *No Child Left Behind*, the framework for bipartisan education reform that he described as "the cornerstone of my Administration." President Bush emphasized his deep belief in our public schools, but an even greater concern that "too many of our neediest children are being left behind," despite the hundreds of billions in Federal spending since the passage of the Elementary and Secondary Education Act (ESEA) of 1965. The President called for bipartisan solutions based on accountability for results, choice, proven educational methods, and flexibility and local control in Federal education programs.

Less than a year later, despite the unprecedented challenges of leading the Nation in the war on terrorism and engineering an economic recovery, President Bush secured passage of the landmark No Child Left Behind Act (NCLB Act). Signed into law on January 8, 2002, the new law reflects a strong, bipartisan consensus on how to improve the performance of America's elementary and secondary schools while at the same time ensuring that no child is trapped in a failing school.

The NCLB Act, which reauthorized the ESEA, incorporates the principles and strategies proposed by President Bush in his *No Child Left Behind* framework. These include increased accountability for States, school districts, and schools; greater choice for parents and students, particularly those from low-income backgrounds who attend low-performing schools; more flexibility for States and school districts in the use of Federal education dollars; and a stronger emphasis on teaching methods grounded in scientifically based research, especially in teaching our children to read.

At the same time that he led the effort to reform the education system through the NCLB Act, President Bush promised to provide more resources for education in exchange for stronger accountability for results and on condition that Federal funds be used to support proven educational methods. The President's 2003 budget for education fulfills this commitment by providing new resources to help States, school districts, and schools implement the NCLB Act and improve educational opportunities for all students.

ED Discretionary Appropriations



The Federal role in education is a limited one, but President Bush's vision for the Department of Education is that Federal funds and Federal programs must be used as an investment in sound

practices that will leverage change at the State and local levels. Overall, the Federal contribution to education will be approximately 8 percent of national expenditures on elementary and secondary education, but that investment is focused squarely on meeting the needs of students from economically disadvantaged and minority backgrounds. These are students who have been left behind for too long, and President Bush has committed his continuing support for the programs that will meet their needs at the K-12 level and beyond.

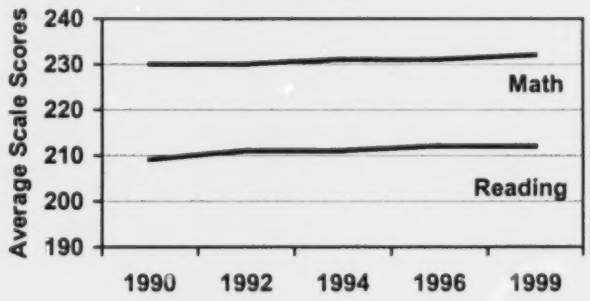
Total Department of Education Appropriations
(rounded program level, in billions of dollars)

	2001	2002	2003 Request
Discretionary	$42.2	$48.9	$50.3
Mandatory	-0.2	5.5	6.2
Total	42.1	54.5	56.5

The President is requesting $50.3 billion in discretionary appropriations for the Department of Education in fiscal year 2003, an increase of $1.4 billion or 2.8 percent over the 2002 enacted level. This request builds on the substantial Federal investment in education over the past six years, with discretionary appropriations rising from $23 billion in fiscal year 1996 to $48.9 billion in fiscal year 2002, an increase of 113 percent.

Unfortunately, this dramatically higher spending on education has failed to improve overall student achievement or close achievement gaps between poor and minority students and other students. For example, long-term trend data from the National Assessment of Educational Progress (NAEP) for 9-year-olds show that reading and math achievement has been nearly flat over the past decade. Results from the 2000 NAEP reading assessment confirmed that the reading skills of the Nation's 4th graders have remained unchanged for 8 years, with 37 percent of those tested scoring below Basic.

NAEP Reading and Math Scores
(9-year olds)



This is why President Bush has insisted on linking new investment in Federal elementary and secondary education programs with the fundamental reforms included in the No Child Left Behind Act. The new law will help ensure that both new and existing resources for ESEA programs are used more effectively to bring about real improvement in student achievement, particularly for those poor and minority students in high-poverty schools who are the focus of the Federal role in education.

Major increases in the President's 2003 request correspond to his determination to close the achievement and attainment gaps that persist among racial, ethnic, and socioeconomic groups across the country. The 2003 budget request for the Department of Education includes the following significant increases: $1 billion for Title I Grants to Local Educational Agencies,

$1 billion for Special Education Grants to States, $549 million for Pell Grants—in addition to a $1.3 billion supplemental request for 2002 needed to address a funding shortfall, $100 million for Reading First State Grants, $100 million for Charter School Facilities, $50 million for a new Choice Demonstration Fund to demonstrate and evaluate expanded options for economically disadvantaged students, and $53 million for scientifically based research to help establish proven educational methods.

The Department's 2003 request is complemented by significant non-discretionary investments in education, such as a proposed refundable tax credit of 50 percent of the first $5,000 in tuition, fees and transportation costs incurred when parents transfer their child from a failing public school to another public or private school. The Administration also is renewing its proposal to allow teachers to deduct out-of-pocket classroom expenses. Other tax-related benefits include expanded education savings accounts (Coverdell IRAs) that permit up to $2,000 in annual contributions and tax-free withdrawals to pay educational expenses from kindergarten through college, tax-free withdrawals from qualified State tuition savings plans, up to $3,000 in above-the-line deductions for higher education expenses, and the HOPE and Lifetime Learning tax credits for postsecondary education tuition and fees.

These and other increases are offset in part by reductions that likewise reflect the President's priorities for the Department, including the elimination of categorical programs and low-priority activities in favor of funding through the flexible State grant programs created by the NCLB Act. The increases also are offset in part by the completion of one-time projects.

In addition to the discretionary priorities described above, the request includes funding for mandatory programs, such as Vocational Rehabilitation State Grants and the student loan programs. Mandatory costs fluctuate from year to year due to changes in inflation, interest rates, and other factors affecting the costs of subsidizing the student loan programs.

Because the fiscal year 2002 appropriation level for Pell Grants is insufficient to pay for a $4,000 maximum grant, the budget contains a supplemental request of $1.276 billion. The supplemental is offset by a proposed rescission of funds provided in the Fiscal Year 2002 Appropriations Act for the Departments of Labor, Health and Human Services, and Education and Related Agencies. The rescission would reduce 2002 appropriations for programs not included in the President's 2002 budget request, which totaled more than $2 billion. Under the supplemental proposal, Congress would determine specific program rescissions needed to fully offset the additional Pell funds. The 2003 request includes sufficient funds to maintain a $4,000 maximum Pell Grant.

The combination of discretionary and non-discretionary resources in the President's budget is targeted to the following areas:

SUPPORTING STATE AND LOCAL IMPLEMENTATION OF THE NCLB ACT

When President Bush signed the NCLB Act, he noted that while his signature marked "the end of a legislative process," it was "just the beginning of change." The Department of Education has moved quickly to reaffirm its partnership with States and communities in turning the principles of the NCLB Act into reality in our schools. The day after the Act became law, Secretary Paige met with the Chief State School Officers at Mount Vernon "to offer my help in a bold mission." The Department also immediately notified States and school districts of the new law's flexibility provisions, and of the significantly increased funding in the fiscal year 2002 Department of Education Appropriations Act, intended in large part to facilitate implementation of the NCLB Act. The President's 2003 budget request builds on these efforts by providing

additional resources for priority programs, with a particular emphasis on the "change" required by the new law. The request includes the following:

- $11.4 billion for Title I Grants to Local Educational Agencies, an increase of $1 billion or 9.7 percent, to give States and school districts additional resources to turn around low-performing schools, improve teacher quality, and ensure that no child is trapped in a failing school. The school improvement provisions of the NCLB Act reflect President Bush's determination to "never give up" on struggling schools, while at the same time recognizing that "parents must be given real options in the face of failure in order to make sure reform is meaningful." The increase for 2003 would be allocated through the Targeted Grants formula, which directs a greater share of funds to the highest-poverty schools than the other Grants to LEAs formulas.

- $1 billion for Reading First State Grants, an increase of $100 million or 11.1 percent, for a nationwide effort to support comprehensive reading instruction for children in grades K-3. The request would help school districts and schools provide professional development in reading instruction for teachers and administrators, adopt and use reading diagnostics for students in kindergarten through third grade to determine where they need help, implement reading curricula that are based on recent findings of the National Institute of Child Health and Human Development, and provide reading interventions for young grade-school children reading below grade level. The request also would level-fund the new Early Reading First program at $75 million for competitive grants to develop and support the school readiness of preschool-aged children in high-poverty communities.

- $175 million for Research and Dissemination, an increase of $53.2 million or almost 44 percent, to expand efforts to develop proven, research-based practices for improving student achievement and disseminate those practices to States and school districts across the country. Priorities in 2003 would include research regarding strategies to improve reading comprehension, randomized trials to determine the effectiveness of preschool curricula, and efforts to encourage the greater use of evidence-based research by teachers, school administrators, and policymakers.

- $387 million for State Assessments and Enhanced Assessment Instruments, to help States develop and implement—by the 2005-2006 school year—the expanded annual assessments in grades 3 through 8 that are integral to the strong State accountability systems required by the NCLB Act. This request is particularly important because the Title I requirement for States to develop and administer the new assessments is contingent on continued Federal financial support for this purpose.

EXPANDING OPTIONS FOR PARENTS

A key principle of the No Child Left Behind Act is that when parents have the information and options they need to make the right choices for their children's education, our schools and our children will succeed. The new law requires States and school districts to report annually on how their schools and students are performing, and the new assessments will provide diagnostic information that will help parents and teachers to identify the strengths and weaknesses of individual students. Parents of students in failing schools will have the option of transferring them to a better public school or obtaining supplemental educational services from

the provider of their choice. The 2003 request includes the following proposals to help ensure that parents have meaningful choices:

- A new refundable tax credit for parents transferring a child from a failing public school would allow a credit of 50 percent of the first $5,000 in tuition, fees, and transportation costs incurred when a student's regular school is failing and he or she transfers to another public or private school. Eligible students would be those who would normally attend a public school that failed to make adequate yearly progress, as defined under the Elementary and Secondary Education Act, during the prior academic year.

- $50 million for a new Choice Demonstration Fund to support research projects that develop, implement, and evaluate innovative approaches to providing parents with expanded school choice options, including both private- and public-school choice. This program would support research projects that demonstrate the greatest potential for measuring the effects of providing parents with expanded choice options for the education of their children.

- $25 million for Voluntary Public School Choice grants to give families better education options by encouraging States and school districts to establish or expand public school choice programs across States or districts. Grants would support planning, transportation, tuition transfer payments, and efforts to increase the capacity of schools to accept students exercising a choice option.

- $200 million to support continued growth in the number of Charter Schools, an important element of the Administration's proposal to increase choice for students and parents. The NCLB Act specifically includes public charter schools as an option when districts are required to permit students to transfer from a school identified for improvement to a better public school. The request would support approximately 1,800 new and existing charter schools.

- $100 million for a new Credit Enhancement for Charter School Facilities program, which would assist charter schools in acquiring, leasing, and renovating school facilities. A major obstacle to the creation of charter schools is their limited ability to obtain suitable academic facilities. This new program would support competitive grants to public and nonprofit entities to help charter schools finance their facilities through such means as providing loan guarantees, insuring debt, and other activities to encourage private lending.

INCREASING FLEXIBILITY AND REDUCING BUREAUCRACY

The NCLB Act provides unprecedented flexibility for States and local educational agencies (LEAs) to combine resources from selected State formula grant programs to pursue their own strategies for raising student achievement and ensuring that no child is left behind. For example, States and LEAs may transfer up to 50 percent of the funding they receive under four major formula grant programs to any one of the programs, or to Title I. The covered programs are Improving Teacher Quality State Grants, Educational Technology, Innovative Programs, and Safe and Drug-Free Schools and Communities. The new law also includes competitive flexibility demonstration programs that will permit up to 7 States and 150 LEAs to consolidate State formula grant funds in exchange for entering into performance agreements. Consolidated funds could be used for any educational purpose authorized under the ESEA. The President's 2003 budget funds the following programs that support this new flexibility:

- $2.85 billion for Improving Teacher Quality State Grants, which give States and LEAs flexibility to select the research-based strategies that best meet their particular needs for improved teaching that will help them raise student achievement in the core academic subjects. In return for this flexibility, LEAs are required to demonstrate annual progress in ensuring that all teachers teaching in core academic subjects within the State are highly qualified.

- $700.5 million for Educational Technology State Grants to support State and local efforts, particularly in high-poverty districts, to improve student achievement through the effective integration of technology into classroom instruction. Funds may be used, for example, to train teachers to use technology, to develop courses in information technology, and to purchase technology-based curricula.

- $665 million for English Language Acquisition to support flexible, performance-based formula grants to help ensure that limited English proficient (LEP) students learn English and meet the same high academic standards as all other students. The NCLB Act replaced a complex series of categorical grants to school districts and institutions of higher education with a flexible program that will enable States to design and implement statewide strategies, grounded in scientifically based research, for meeting the educational needs of LEP and immigrant students.

- $644.3 million for the Safe and Drug-Free Schools and Communities program, including $472 million for State Grants and $172 million for National Programs. The NCLB Act requires States to develop a definition of a "persistently dangerous school," report on safety on a school-by-school basis, and provide victims of serious school-based crimes and students trapped in persistently dangerous schools the option to transfer to a safe alternative.

- $385 million for State Grants for Innovative Programs, the successor to Title VI and the most flexible of the Department's State formula grant programs, to help States and school districts implement innovative strategies, including expanded school choice options, and other reforms to improve student achievement. Innovative Programs funds may be used by States, for example, to support charter schools or pay for urgent school renovations, as well as to augment funding available for supplemental educational services for students attending schools identified for improvement, corrective action, or restructuring under Title I.

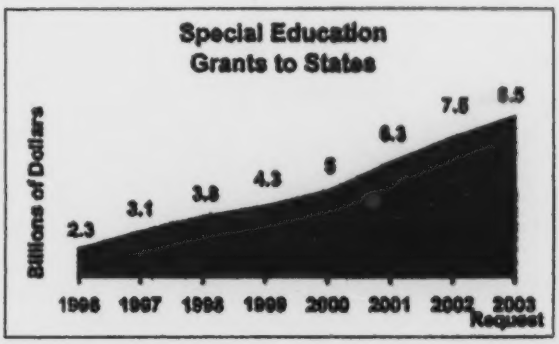
- $1 billion for 21st Century Community Learning Centers to provide before- and after-school academic enrichment opportunities, particularly for children who attend high-poverty or low-performing schools. The request would fund supplemental academic assistance in safe environments for about 1.3 million children.

SPECIAL EDUCATION

President Bush is committed to ensuring that no child is left behind by our education system, including children with disabilities. This is why he believes it is important for the Federal government to continue providing additional support, through the Individuals with Disabilities Education Act (IDEA), for State and local efforts to help children with disabilities meet the same challenging State standards as other children. In addition, the President has established a

Commission on Excellence in Special Education, which as part of the reauthorization process will assist the Administration in a comprehensive, evidence-based review of the IDEA. The 2003 request for special education includes the following:

- $8.5 billion for Special Education Grants to States, an increase of $1 billion or 13.3 percent over the 2002 level, would provide an estimated $1,300 for each child with a disability—the highest level of Federal support ever provided for children with disabilities. Funding for Special Education Grants to States more than tripled from fiscal years 1996-2002, helping States and school districts pay for the rising costs of services and increasing numbers of children served.



VOCATIONAL REHABILITATION

A major goal of the President's *New Freedom Initiative* is to increase the ability of individuals with disabilities to integrate into the workforce. Although many people with disabilities are obtaining and retaining jobs, the unemployment rate for people with disabilities is unacceptably high. The Vocational Rehabilitation State Grants program is the primary Federal vehicle for assisting individuals with disabilities, particularly individuals with the most significant disabilities, to prepare for, obtain, or retain employment. Highlights of the request include:

- $2.6 billion for the Vocational Rehabilitation (VR) State Grants program, an increase of $134.9 million or 5.4 percent, to help State VR agencies increase the participation of individuals with disabilities in the labor force. With the fiscal year 2003 budget, the Administration is launching the first year of a multi-year reform of the Federal government's overlapping training and employment programs. Consistent with this crosscutting reform, the request consolidates $62.6 million in funding for Supported Employment State Grants, Projects with Industry, and the Migrant and Seasonal Farmworkers program into the VR State Grants program. In addition, the budget provides $20 million more than the amount of the inflationary increase ($52.1 million) required under current law to help States improve their employment outcomes.

- $30 million for a new Vocational Rehabilitation Incentive Grant program to improve State performance under the VR State Grants program. As part of the President's initiative to allocate Federal funds based on performance, the Administration is proposing a new program that would make incentive awards to State VR agencies based on their performance in helping individuals with disabilities obtain competitive jobs.

- $42.6 million for the Training program, an increase of $3 million or 7.6 percent, to help ensure that rehabilitation counseling personnel have the skills need to assist individuals with disabilities to obtain high quality employment outcomes.

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POSTSECONDARY EDUCATION

The No Child Left Behind Act, with its promise of ensuring over time that all students—including poor and minority students—reach challenging State academic standards, will increase the need for high-quality postsecondary educational opportunities once those students complete high school. Combined with an economy that increasingly demands highly skilled workers with college degrees, it is easy to see why postsecondary enrollment is expected to rise to 17.5 million by the year 2010, an increase of 20 percent from 1998. The 2003 President's budget includes the following proposals to help ensure equal access to quality postsecondary education opportunities for all Americans:

- $10.9 billion for the Pell Grant program, an increase of $549 million or 5.3 percent, to increase access to postsecondary education for students from the neediest families. Under current estimates, the 2003 request would support a maximum grant of $4,000 for nearly 4.5 million students. President Bush also is seeking a $1.3 billion supplemental for 2002 to address the underfunding of Pell Grants and maintain the maximum award level specified in the 2002 Department of Education Appropriations Act.

- Student financial aid available would expand to $54.9 billion, excluding the consolidation of existing student loans, an increase of $2.8 billion or 5 percent over 2002. The number of recipients of grant, loan, and work-study assistance would grow by 339,000 to 8.4 million students and parents.

- Loan forgiveness for highly qualified math, science, and special education teachers serving low-income communities would be expanded from $5,000 to a maximum of $17,500. Schools in these communities often are forced to hire uncertified teachers or assign teachers who are teaching "out-of-field." This proposal would provide an incentive for highly qualified teachers in critical subjects to work in disadvantaged areas, and would help schools in these areas recruit and retain highly qualified math, science, and special education teachers.

- $373.8 million for the Aid for Institutional Development (HEA Title III) programs, an increase of $12.7 million, demonstrates the Administration's commitment to assisting institutions that enroll a large proportion of minority and disadvantaged students, including Historically Black Colleges and Universities and Historically Black Graduate Institutions, in order to continue efforts to close achievement and attainment gaps between minority students and other students.

- $89.1 million for Developing Hispanic-Serving Institutions, an increase of $3.1 million, would expand and enhance support to postsecondary education institutions that serve large percentages of Hispanic students. This program is part of the Department efforts to increase academic achievement, high school graduation, postsecondary participation, and life-long learning among Hispanic Americans.

- $102.5 million for the International Education and Foreign Language Studies (IEFLS) programs, an increase of $4 million, to help meet the Nation's security and economic needs through the development of expertise in foreign languages and area and international studies. The increased complexity of the post-Cold War world and the events surrounding

the September 11 terrorist attacks on the United States underscore the importance of maintaining and expanding American understanding of other peoples and their languages.

- Level funding of $802.5 million for the Federal TRIO Programs and $285 million for Gaining Early Awareness and Readiness for Undergraduate Programs (GEAR UP), which provide educational outreach and support services to help more than 2 million disadvantaged students to enter and complete college.

DEPARTMENT MANAGEMENT

In response to previous criticism and to implement the President's Management Agenda, Secretary Paige has taken the lead in personally directing a management improvement effort at the Department of Education. He began by ordering a hand-picked Management Improvement Team to undertake a six-month-long review, which resulted in the *Blueprint for Management Excellence*, a long-term action plan for improving Department management.

The *Blueprint*, which incorporated key features of the *President's Management Agenda for Fiscal Year 2002*, sets priorities for management improvement designed to facilitate effective monitoring of Department programs, eliminate financial management deficiencies, and prevent fraud, waste, and abuse of taxpayer dollars. These priorities include (1) developing and maintaining financial integrity and tighter internal controls; (2) modernizing and reducing the high-risk status of the student financial assistance programs; (3) expanding strategies for using human capital; (4) managing information technology to meet customer needs; and (5) establishing an "accountability for results" culture within the Department.

The 2003 budget for salaries and expenses would support the following management improvements:

- Strengthen financial management to address audit deficiencies that have resulted in only one clean audit opinion for the Department since independent audits of government agencies were first required in 1996. Investment in updated financial reporting systems, the new Oracle general ledger system, and asset-tracking software will increase the reliability of financial data needed to support a clean opinion and prevent the improper use of government resources.

- A new Performance-Based Data Management Initiative, funded at $10 million in 2003, will focus elementary and secondary education program management and reporting on student achievement. The initiative will support internet-based collection of timely data on student achievement and educational outcomes, reduction of existing reporting burdens on States and school districts, and expansion of the use of educational results to identify performance trends and inform management, budget, and policy decisions.

- Consolidation of Student Aid Administrative Funds to improve accountability and ensure the efficient, cost-effective delivery of nearly $70 billion in Federal student aid. The Administration is proposing to consolidate more than $900 million in administrative funding, currently split among 3 separate accounts, into a new discretionary Student Aid Administration account. Most of these funds support payments to private-sector contractors or guaranty agencies that help administer the student loan programs.

II. THE 2003 EDUCATION BUDGET BY PROGRAM AREA

A. ELEMENTARY AND SECONDARY EDUCATION

Overview

The No Child Left Behind Act (NCLB), which reauthorized the Elementary and Secondary Education Act of 1965 (ESEA), closely followed the four pillars of education reform proposed by President Bush.

First, the new law greatly strengthens accountability for results in Federal elementary and secondary education programs. States must set challenging standards in reading and mathematics and develop statewide annual adequate yearly progress (AYP) objectives that will result in all groups of students achieving proficiency within 12 years. These objectives must be met by all groups of students, disaggregated by poverty, race and ethnicity, disability, and limited English proficiency. States must conduct annual reading and math assessments for all students in grades 3-8, and States, school districts, and schools must report annually on their progress in helping all groups of students to reach proficiency. Biennial State participation in the State-level version of the National Assessment of Educational Progress will provide benchmarks for gauging the rigor of State standards and assessments.

School districts and schools that fail to make AYP will, over time, be subject to improvement, corrective action, and restructuring measures aimed at getting them back on course to meet State standards. To ensure that no student is trapped in a chronically failing school, districts must provide such students with an option to transfer to a better public school or, if schools fail to improve, to obtain supplemental educational services from a public- or private-sector provider. Schools that meet or exceed AYP objectives or close achievement gaps will be eligible for State Academic Achievement Awards.

Second, NCLB provides unprecedented State and local flexibility and reduced red tape in the operation of Federal elementary and secondary education programs. For example, States and local school districts now may transfer up to 50 percent of the funding they receive under four major State formula grant programs to any one of the programs, or to Title I. In addition, new flexibility demonstration programs would permit up to 7 States and 150 school districts to enter into performance agreements allowing them to consolidate all funding from certain formula grant programs for any educational purpose authorized under the ESEA. The covered programs include Improving Teacher Quality State Grants, Educational Technology, Innovative Programs, and Safe and Drug-Free Schools and Communities. Participating States would even be permitted to consolidate their Title I, Part A administrative funding with other State level funds.

Third, the reauthorized ESEA will better focus Federal education resources on proven educational methods. For example, the $10 billion Title I Grants to LEAs program now requires instructional strategies, school improvement plans, professional development, and assistance to low-performing schools to be based on methods proven effective through scientifically based research. In addition, the new Reading First State Grants and Early Reading First program will help States and local communities use activities drawn from scientifically based reading research, such as professional development in evidence-based reading instruction, to help all children learn to read at grade level by the end of the third grade.

And fourth, the NCLB Act will expand choices for parents, particularly for parents of students in chronically failing schools. Parents of students in Title I schools identified for improvement (failing to meet State adequate yearly progress standards for 2 consecutive years) will have the option, beginning in fall 2002, to transfer their children to a better-performing public school, which may include a public charter school. If their school continues to fail to meet State standards for a third year, parents would be permitted to use Title I dollars to obtain supplemental educational services from the State-approved public- or private-sector provider of their choice (including faith-based organizations). NCLB also includes provisions to help expand the number of public charter schools available for parents seeking educational options for their children.

The President's 2003 budget for elementary and secondary education provides significant resources in support of these reform principles. Highlights include:

- $11.4 billion for Title I Grants to Local Educational Agencies (LEAs), an increase of $1.0 billion, or 9.7 percent, to help States, school districts, and schools carry out the reforms called for by the NCLB Act. The increased funding would be allocated through the Targeted Grants formula to focus resources on those high-poverty districts and schools facing the greatest challenge in helping all students meet challenging State academic standards.

- $2.85 billion for Improving Teacher Quality State Grants, the same as the 2002 level, to give States and LEAs the resources and flexibility to select and implement research-based strategies that best meet their particular needs for developing a high-quality teaching force and improving student achievement. In return for this flexibility, LEAs are required to demonstrate annual progress in ensuring that all teachers teaching in core academic subjects within the State are highly qualified.

- $1.0 billion for Reading First State Grants, an increase of $100 million or 11.1 percent, for this nationwide effort to support comprehensive reading instruction, grounded in scientifically based reading research, for children in grades K-3. State grant awards—which are initially subject to the recommendations of a peer review panel consisting of experts in reading research and intervention—finance professional development in reading instruction for teachers and administrators, the adoption and use of reading diagnostics to determine where K-3 students need help, and improved reading curricula grounded in scientifically based research.

- $387 million for State Assessments and Enhanced Assessment Instruments, which would help States develop and implement the expanded annual assessments in grades 3 through 8 that are integral to the strong State accountability systems required by the reauthorization.

- $375 million to expand choices for parents and students, including $200 million for Charter Schools Grants; $100 million for the Credit Enhancement for Charter School Facilities program to assist charter schools in acquiring, leasing, and renovating school facilities; $50 million for a new Choice Demonstration Fund to support research projects to evaluate the effectiveness of innovative approaches to providing parents with expanded school choice options, including both private- and public-school choice; and $25 million for Voluntary Public School Choice grants to enable States and school districts to establish or expand public school choice programs across States or districts.

- $385 million for the highly flexible State Grants for Innovative Programs to help States and school districts implement innovative strategies, including expanded school choice options, and other reforms for improving student achievement. For example, Innovative Programs funds could be used by State and LEAs to pay for supplemental educational services in schools identified for improvement, corrective action, or restructuring under Title I.

- $1 billion for 21st Century Community Learning Centers to provide before- and after-school academic enrichment opportunities, particularly for children most in need of a safe environment and supplemental academic assistance.

- $700.5 million for Educational Technology State Grants to support State and local efforts, particularly in high-poverty districts, to improve student achievement through the effective integration of technology into classroom instruction. Funds may be used, for example, to train teachers to use technology, to develop courses in information technology, and to purchase technology-based curricula.

- $644.3 million for the Safe and Drug-Free Schools and Communities program, which has been reauthorized to require States to develop a definition of a "persistently dangerous school," report on safety on a school-by-school basis, and provide victims of serious school-based crimes and students trapped in persistently dangerous schools the option to transfer to a safe alternative.

Title I Grants to Local Educational Agencies

	2001	2002	2003 Request
BA in millions	$8,762.7	$10,350.0	$11,352.9

Title I of the Elementary and Secondary Education Act (ESEA) authorizes supplemental programs to enable educationally disadvantaged children, particularly those attending schools in high-poverty areas, to meet the same challenging State academic standards as other children. For example, Title I supports more individualized instruction, fundamental changes in the school to improve teaching and learning, and preschool education. Children of migrant agricultural workers and students in State institutions for neglected and delinquent children and youth also receive Title I services.

The 2003 request includes $11.4 billion, a $1 billion increase, for Title I Grants to Local Educational Agencies (LEAs). Grants to LEAs is the largest Title I program and will serve an estimated 15 million students in 46,500 schools in 2003. The request would allocate all of the increased funds through the Targeted Grants formula, which focuses greater resources on the highest-poverty schools and students, consistent with the principles of the President's *No Child Left Behind* education reform initiative and recommendations of the 1999 National Assessment of Title I.

The No Child Left Behind Act (NCLB) reauthorized the ESEA to incorporate nearly all of the Title I reforms proposed by President Bush, particularly in the areas of assessment, accountability, and school improvement. The new law requires States to develop standards in reading and math, and assessments linked to those standards for all students in grades 3-8.

LEAs and schools must use Title I funds for activities that scientifically based research suggests will be most effective in helping all students meet these State standards.

States also must develop annual adequate yearly progress (AYP) objectives that will result in all groups of students achieving proficiency in reading and math within 12 years. These objectives must be met by all groups of students, disaggregated by poverty, race and ethnicity, disability, and limited English proficiency. Biennial State participation in the State-level version of the National Assessment of Educational Progress will provide benchmarks for gauging the rigor of State standards and assessments.

The NCLB Act also requires LEAs to permit students in schools that fail to meet annual State AYP objectives for two consecutive years to transfer to a better public school, with transportation provided by the school district. If schools continue to fail to meet AYP, students will be permitted to use Title I funds to obtain educational services from the public- or private-sector provider selected by their parents from a State-approved list.

The new law requires schools identified for improvement (after failing to make AYP for two consecutive years) to develop improvement plans incorporating strategies from scientifically based research. Schools that fail to improve would be subject to increasingly tough corrective actions—such as replacing school staff or significantly decreasing management authority at the school level—and could ultimately face restructuring, which involves a fundamental change in governance, such as a State takeover or placement under private management. To help States, districts, and schools carry out needed improvements, the NCLB Act significantly increases the statutory reservation of Part A allocations that States must use for school improvement.

The new law also authorizes State Academic Achievement Awards to schools that significantly close achievement gaps or exceed AYP standards for two or more consecutive years, as well as awards to teachers in such schools. However, NCLB Act punishes States that fail to put in place systems of standards, assessments, and accountability by permitting—and in some cases requiring—the Secretary to withhold a portion of Federal funds provided for the administration of Title I.

State Assessments and Enhanced Assessment Instruments

	2001	2002	2003 Request
BA in millions	—	$387.0	$387.0

This program provides formula grants to States to pay the cost of developing both standards and assessments required by the NCLB Act and, if a State already has put in place such standards and assessments, to pay for the administration of those assessments. Funds also may be used to develop standards and assessments in subjects other than those required by the NCLB Act and to improve the reliability and validity of assessment systems. Other allowable uses include paying the costs of working in voluntary partnership with other States to develop standards and assessments, professional development aligned with State standards and assessments, and support for data reporting and other components of the new State accountability systems.

The foundation for the strengthened accountability in Federal elementary and secondary education programs required by the NCLB Act is annual State assessment in reading and mathematics for all students in grades 3-8. These assessments will provide parents the information they need to know how well their child is doing in school and how well the school is educating their child. School districts will use assessment results to make sure that all schools and students are making adequate yearly progress toward State content and performance standards, and that no groups of students are left behind. States would use assessment results to measure the performance of school districts and schools and to identify schools needing improvement under school improvement and corrective action provisions of the Title I Grants to Local Educational Agencies program.

Under the NCLB Act, States will select and design their own assessments, so long as they are aligned with State academic achievement standards. The new assessments must be in place by the 2005-2006 school year. The 2003 request will provide $380 million for Grants for State Assessments, an increase of $10 million over the 2002 level and the same as the statutory 2003 "trigger amount." Failure to provide this amount could result in delays in implementation.

The request would also provide $7 million for a second round of Grants for Enhanced Assessment Instruments, a program that complements the formula-based Grants for State Assessments by making competitive grants to States, or consortia of States, to improve the quality, validity, and reliability of State academic assessments.

Reading First
(BA in millions)

	2001	2002	2003 Request
Reading First State Grants	$286.0[1]	$900.0	$1,000.0
Early Reading First	—	75.0	75.0
Total	286.0	975.0	1,075.0

[1] Appropriated as Reading and Literacy Grants under the Reading Excellence Act.

President Bush made the implementation of the Reading First initiative one of his highest priorities for education because of compelling evidence that far too many young people are struggling through school without having mastered reading, the most essential and basic skill. On the 2000 National Assessment of Educational Progress, 60 percent of all fourth graders in high-poverty schools scored below the "basic" reading level. Research shows that students who fail to read well by fourth grade have a greater likelihood of dropping out and a lifetime of diminished success. For these reasons, providing consistent support for reading success from the earliest age has critically important benefits. These include helping improve reading gains, reducing the number of children who fall behind in reading, providing additional help to children who need it, and reducing the number of children referred to special education programs based on low reading scores.

The request includes $1.075 billion for the two components of Reading First. The Reading First State Grants program is a comprehensive, nationwide effort to implement the findings of high-quality scientifically based reading research on school reading instruction. This high-quality instruction will help the Nation's schools reach the President's goal of ensuring that every child can read at grade level or above by the end of third grade. The request would provide an

increase of $100 million or 11.1 percent for his program. In his original *No Child Left Behind* education blueprint, the President committed to providing $5 billion for Reading First over a 5-year period. The Administration's fiscal year 2003 request will keep the Federal Government on track toward meeting that goal.

Funds are used to help school districts and schools provide professional development in reading instruction for teachers and administrators, adopt and use reading diagnostics for students in kindergarten through third grade to determine where they need help, implement reading curricula that are based on recent findings of the National Institute of Child Health and Human Development, and provide reading interventions for young grade-school children to ensure they can read at grade level by the end of the third grade.

Early Reading First complements Reading First State Grants by providing $75 million in competitive grants to school districts and non-profit organizations to support activities in existing pre-school programs designed to enhance the verbal skills, phonological awareness, letter knowledge, and pre-reading skills of children from birth through age 5. Funds would be targeted to communities with high numbers of low-income families.

Even Start

	2001	2002	2003 Request
BA in millions	$250.0	$250.0	$200.0

A $50 million reduction for the Even Start family literacy program would permit a retargeting of resources for early childhood literacy to the Reading First State Grants program, which focuses on direct instruction grounded in scientifically based research to improve the academic skills of students in kindergarten through third grade. Mixed evaluation results for Even Start support the lower request level.

The request provides sufficient funds for current Even Start projects and for national activities that focus directly on strengthening the early childhood education component of the program to help young children in families served by Even Start enter school ready to learn to read.

Title I State Agency Programs
(BA in millions)

	2001	2002	2003 Request
Migrant	$380.0	$396.0	$396.0
Neglected and Delinquent	46.0	48.0	48.0
Total	426.0	444.0	444.0

The budget provides level funding of $396 million for Migrant Education to meet the unique needs of nearly 800,000 children of highly mobile migrant agricultural workers. Migrant grants help States to identify migrant children, pay the higher costs often associated with serving those children, and employ methods such as distance-learning to reach migrant farmworker communities. The request also includes $48 million for the Title I Neglected and Delinquent (N&D) program to maintain services to children and youth in State-operated institutions.

Comprehensive School Reform

	2001	2002	2003 Request
BA in millions	$210.0	$235.0	$235.0

Level funding for this program would help schools develop and implement comprehensive school reform programs that are based on reliable research and effective practices. Funds are allocated to States, which then make competitive subgrants for up to three years to schools participating in Title I programs, with a priority on low-performing schools that have been identified for improvement. The 2003 request would provide sufficient funds to support awards made in prior years under the Title I CSR authority, and enable States to make more than 660 new awards to schools eligible for funding under Part A of Title I.

Improving Teacher Quality
(BA in millions)

	2001	2002	2003 Request
Improving Teacher Quality State Grants	—	$2,850.0	$2,850.0
Class Size Reduction	$1,623.0	—	—
Eisenhower Professional Development State Grants	485.0	—	—
Subtotal	2,108.0	$2,850.0	2,850.0
National Activities:			
School leadership	—	10.0	—
Advanced Credentialing	18.5	10.0	—
Early Childhood Educator Professional Development	10.0	15.0	15.0
Subtotal, National Activities	28.5	35.0	15.0
Total	2,136.5	2,885.0	2,865.0

The No Child Left Behind Act consolidated funding from the Class Size Reduction and Eisenhower Professional Development State Grants into a new Improving Teacher Quality State Grants program. The 2003 request includes $2.85 billion for the program, the same as the 2002 level. This streamlined program of performance-based grants provides sufficient flexibility for States and LEAs to strengthen the skills and knowledge of their teachers and administrators and help build a high-quality teaching force. States will be held accountable for ensuring that all children are taught by effective teachers and for improving student achievement.

States may support other activities to improve teacher quality, including changes to teacher certification or licensure requirements, alternative certification, tenure reform, merit-based teacher performance systems, differential and bonus pay for teachers in high-need subject areas, and teacher mentoring programs.

With one exception, the budget includes no funding for Improving Teacher Quality National Activities because these activities can be conducted by States and LEAs with State formula grant funds. The exception is the $15 million request to continue Early Childhood Educator Professional Development grants, which addresses an emerging priority on training preschool and other early childhood educators to help ensure that young children enter school ready to learn to read. This program provides professional development, especially in the area of teaching pre-reading skills to young children, for early childhood educators and caregivers working in high-poverty communities.

Educational Technology
(BA in millions)

	2001	2002	2003 Request
Educational Technology State Grants	$450.0	$700.5	$700.5
Ready-To-Learn Television	16.0	22.0	22.0
Preparing Tomorrow's Teachers to Use Technology	125.0	62.5	—
Technology Innovation Challenge Grants	136.3	—	—
Technology Leadership activities	2.0	—	—
Total	729.3	785.0	722.5

While upgraded infrastructure now permits most teachers to access technology in their classrooms, few teachers have the knowledge, skills, and curricula needed to use technology effectively to improve student achievement. The 2003 request includes $700.5 million for Educational Technology State Grants, which supports State, district, and school efforts to integrate technology into the classroom. States receive formula grants, then allocate half of the funds to districts by formula and the remainder competitively to high-need districts, or consortia that include such a district, in partnership with an entity having expertise in integrating technology into the curriculum. Districts use their funds for such activities as training teachers to integrate technology into the curriculum and serve as technology experts in their schools, developing and implementing high-quality information technology courses, and purchasing effective technology-based curricula.

The request also includes $22 million, the same as the 2002 level, for the Ready-to-Learn Television program, which supports the development and distribution of educational video and related materials for preschool children, elementary school children, and their parents in order to facilitate student academic achievement. Funding has supported the development of 2 highly acclaimed children's shows, *Between the Lions* and *Dragon Tales*, along with a bilingual newsletter that provides suggestions for books and learning activities related to PBS children's programs. Activities supported through Ready-to-Learn play an important role in helping to ensure that young children are prepared to start school.

No funding is provided for Preparing Tomorrow's Teachers to Use Technology, which duplicates activities funded by the Educational Technology State Grants and Improving Teacher Quality State Grants programs.

21st Century Community Learning Centers

	2001	2002	2003 Request
BA in millions	$845.6	$1,000.0	$1,000.0

This program helps communities establish or expand community learning centers that provide extended learning opportunities for students and related services to their families. The request would enable districts to provide after-school learning opportunities—particularly for children who attend high-poverty or low-performing schools—to about 1.3 million students. Recent research has found that effective schools use extended learning time in reading and mathematics to improve student achievement.

States receive formula grants, then make competitive awards of at least $50,000 each to school districts, community-based organizations, faith-based organizations, and other public or private entities for projects that would serve primarily students who attend schools eligible to operate a Title I schoolwide program. States give priority to projects serving students who attend schools identified for improvement or corrective action under Title I, and projects emphasize activities that prepare students to meet State and local student performance standards in core academic subjects. States may reserve up to 5 percent for State-level activities, including providing technical assistance and training and evaluating program effectiveness.

Language Acquisition State Grants
(BA in millions)

	2001	2002	2003 Request
Language Acquisition State grants	—	$665.0	$665.0
Instructional Services	$180.0	—	—
Support Services	16.0	—	—
Professional Development	100.0	—	—
Immigrant Education	150.0	—	—
Total	446.0	665.0	665.0

The request supports a streamlined, flexible, performance-based formula grants program, authorized under Title III of the Elementary and Secondary Education Act, that replaces a complex series of categorical grants to school districts and institutions of higher education. These grants will enable States to design and implement, for the first time, a Statewide response to the needs of limited English proficient (LEP) students to help narrow the achievement gap between those students and other students. In exchange for flexibility in implementing high-quality language instruction programs, States and districts are required to show progress in helping LEP students learn English and make steady gains in academic achievement.

The No Child Left Behind Act establishes comprehensive new accountability provisions in both Title I and Title III that specifically address accountability for LEP students. Under Title I, States

will be required to set annual yearly progress (AYP) goals for the achievement of all children as well as specific groups of children, including children with limited English proficiency. If a school fails to meet the annual goals for any group, including LEP students, it will be identified for school improvement.

The AYP goals will be based primarily on results of State reading and mathematics assessments. While LEP students can be exempted for up to three years from taking reading assessments written in English, once they have been in the schools of a local educational agency (LEA) for a year they must be tested, in reading and mathematics, in the language and form most likely to yield accurate data on their achievement. States will be required to include information on the achievement of LEP children in the "report cards" they produce under the Act, and to report annually to the Department on the achievement and gains in English proficiency of those children. States also must annually assess English proficiency for LEP students beginning with the 2002-03 school year.

In addition, under Title III, each State will be required to develop annual measurable objectives to track student progress in learning English and LEA success in making adequate yearly progress for LEP children. States must hold LEAs accountable for reaching these objectives, and must provide technical assistance to, enter into corrective action plans with, or terminate assistance to, districts that fail to meet them.

The statute includes a set-aside for National Activities to fund discretionary grants to institutions of higher education to prepare teachers to serve LEP students and a national clearinghouse to collect and disseminate information useful to practitioners in improving services for LEP students. Also, before making formula grants, the Department must reserve funds to pay continuation costs for awards made under the prior law for bilingual education instructional services and professional development programs.

Formula grants to States are based on the numbers of LEP and immigrant students. The number of LEP children attending American schools has grown dramatically—primarily because of immigration—with State educational agencies reporting that LEP enrollment rose from 2.1 million in the 1990-91 academic year to more than 3.6 million in 1998-99. Much of this growth is in States and school districts that previously enrolled only a handful of these students. As the number of LEP children has grown, the need for programs and trained staff to serve those children has grown accordingly.

Safe and Drug-Free Schools and Communities

	2001	2002	2003 Request
BA in millions	$644.3	$746.8	$644.3

For 2003, the request includes $644.3 million for the program, including $472 million for State Grants and $172 million for National Programs. The $103 million decrease eliminates funding for three National Activities that received funding in 2002, including Community Service for Expelled or Suspended Students, Alcohol Abuse Reduction, Mentoring, and other activities. Changes in the reauthorized ESEA also require States to develop a definition of a "persistently dangerous school," report on safety on a school-by-school basis, and provide victims of serious school-based crimes and students trapped in persistently dangerous schools the option to transfer to a safe alternative.

State Grants for Innovative Programs

	2001	2002	2003 Request
BA in millions	$385.0	$385.0	$385.0

This program makes grants to State and local educational agencies that provide flexible funding for promising, evidence-based education reforms that meet the educational needs of all students. School districts may use funds to reduce class size, provide professional development, pay for Title I supplemental services, support smaller learning communities, and other activities.

Charter Schools

	2001	2002	2003 Request
BA in millions	$190.0	$200.0	$200.0

This program increases public school choice options by supporting the planning, development, and initial implementation of public charter schools. A total of 37 States, the District of Columbia, and Puerto Rico have charter school laws that exempt such schools from most education rules and regulations in exchange for greater accountability for improving student performance. The number of charter schools nationwide has grown from 250 to more than 2,100 in the past few years. The $200 million request would support about 1,800 new and existing charter schools and enhanced dissemination activities at schools with a demonstrated history of success.

Credit Enhancement for Charter School Facilities

	2001	2002	2003 Request
BA in millions	—	—	$100.0

Expanding the number of charter schools is a key Administration strategy for increasing the options available to parents seeking the best educational opportunities for their children. A major obstacle to the creation of charter schools in many communities is the limited ability to obtain suitable academic facilities. The new Credit Enhancement for Charter School Facilities program would help overcome this problem by providing $100 million in grants to public and nonprofit entities to leverage funds to help charter schools purchase, construct, renovate, or lease academic facilities.

Magnet Schools Assistance

	2001	2002	2003 Request
BA in millions	$110.0	$110.0	$110.0

Level funding for this program would support approximately 62 continuation grants to local educational agencies to operate magnet schools that are part of a court-ordered or federally approved desegregation plan to eliminate, reduce, or prevent minority group isolation in elementary and secondary schools. Magnet schools address their desegregation goals by providing a distinctive educational program that attracts a diverse student population.

Choice Demonstration Fund

	2001	2002	2003 Request
BA in millions	—	—	$50.0

For the 2003 budget, the Administration is proposing a new Choice Demonstration Fund to support research projects that develop, implement, and evaluate innovative approaches to providing parents with expanded school choice options, including both private and public school choice. State educational agencies, school districts, institutions of higher education, and other entities could use funds to design and test innovative approaches, including those to provide expanded school choice options for specific populations, such as low-achieving or secondary-school students.

The proposal responds to several recent studies, including *Making Money Matter: Financing America's Schools*, a 1999 National Research Council study that identified the need for research projects that determine conclusively the effects of providing parents with expanded school choice options.

Voluntary Public School Choice

	2001	2002	2003 Request
BA in millions	—	$25.0	$25.0

The request continues funding for this program, which supports efforts to establish intradistrict and interdistrict public school choice programs to provide parents, particularly parents whose children attend low-performing public schools, with greater choice for their children's education. Grant funds support planning and implementation costs associated with new programs, tuition transfer payments to public schools that students choose to attend, and efforts to expand the capacity of schools to meet the demand for choice.

Advanced Placement

	2001	2002	2003 Request
BA in millions	$22.0	$22.0	$22.0

The request level-funds Advanced Placement (AP) programs, which the NCLB Act transferred from the Higher Education Act to Title I of the ESEA. The program makes grants to State educational agencies to pay test fees for low-income students taking approximately 75,000 AP tests. The program also supports State and local efforts to make challenging courses more widely available to low-income students, including the use of distance learning technologies to offer advanced placement programs in small or isolated high-poverty schools that cannot currently provide access for their students to such classes.

Teaching of Traditional American History

	2001	2002	2003 Request
BA in millions	$50.0	$100.0	$50.0

This program makes competitive grants to school districts to promote the teaching of traditional American history in elementary and secondary schools as a separate academic subject. In each of the program's first 2 years (2001 and 2002), as a start-up strategy, the Department made 3-year grants from a single year's appropriation. In fiscal year 2003, the Department plans to return to the traditional practice of funding grants in annual increments. Consequently, the request would fund the same number of projects as in 2002.

Mathematics and Science Partnerships

	2001	2002	2003 Request
BA in millions	—	$12.5	$12.5

The request continues funding at the 2002 level for this program, which is designed to improve academic achievement in mathematics and science by promoting strong teaching skills for elementary and secondary school teachers. The program provides grants to partnerships of State educational agencies, higher education institutions, and school districts for activities such as the development of rigorous mathematics and science curricula, distance learning programs, and incentives to recruit college graduates with degrees in math and science into the teaching profession.

Troops-to-Teachers

	2001	2002	2003 Request
BA in millions	—	$18.0	$20.0

Funds are used to support the Department of Defense Troops-to-Teachers program that provides the preparation and support needed to encourage retiring military personnel to teach in high-poverty school districts. Since 1994, Troops-to-Teachers has placed almost 4,000 former military personnel in teaching positions nationwide. Teachers recruited through Troops-to-Teachers are twice as likely as traditional public school teachers to teach in such high-need subject areas as mathematics, science, and special education.

Transition to Teaching

	2001	2002	2003 Request
BA in millions	$31.0	$35.0	$39.4

This program addresses the national challenge of training and recruiting more than 2 million teachers over the next 10 years—due to the retirements of long-time teachers, high attrition rates among new teachers, and booming enrollments—by supporting partnerships to train and place highly qualified professionals as teachers in America's classrooms.

Literacy Through School Libraries

	2001	2002	2003 Request
BA in millions	—	$12.5	$12.5

The request provides second-year for this program, created by the NCLB Act, that helps school districts provide students with increased access to up-to-date school library materials and highly qualified school library media personnel. Increasingly, school library media centers are linked to computers in classrooms, and they can play a strategic role in enhancing the educational impact of student access to, and use of, information.

Fund for the Improvement of Education (FIE)
(BA in millions)

	2001	2002	2003 Request
Programs of National Significance	$245.9	$384.0	$35.0
Character Education	7.8	25.0	25.0
Reading is Fundamental/Inexpensive Book Distribution	23.0	24.0	24.0
Other specific authorities:			
Elementary and Secondary School Counseling	30.0	32.5	—
Smaller Learning Communities	125.0	142.2	—
Javits Gifted and Talented Education	7.5	11.3	—
Star Schools	59.3	27.5	—
Ready to Teach	8.5	12.0	—
Foreign Language Assistance	14.0	14.0	—
Physical Education for Progress	5.0	50.0	—
Community Technology Centers	65.0	32.5	—
Exchanges with Historic Whaling and Trading Partners	—	5.0	—
Arts in Education	28.0	30.0	—
Parental Assistance Information Centers	38.0	40.0	—
Women's Educational Equity	3.0	3.0	—

Subtotal	383.3	399.9	84.0
FIE Total	660.0	832.9	84.0

FIE gives the Secretary authority to support nationally significant programs to improve the quality of elementary and secondary education at the State and local levels, and to help all students meet challenging State academic content and student achievement standards. The types of programs that may be supported include scientifically based research, development, and evaluation designed to improve student academic achievement and strategies for effective parent and community involvement; programs at the State and local levels that are designed to yield significant results; and the identification and recognition of high-performing schools and programs.

The 2003 request would provide $35 million for Programs of National Significance to fund a small number of projects that show promise for improving American education, including $15 million for new teacher quality initiatives. Awards under this activity are made on the basis of announced competitions. Funds may also be used to support meritorious unsolicited proposals.

The budget also continues funding for Character Education, investing $25 million in grants to States and school districts for such activities as developing character education curriculum, implementing model character education programs that involve parents and community members, including private and nonprofit organizations, and training teachers to incorporate character-building lessons and activities into the classroom. Programs must be integrated into classroom instruction, consistent with State academic content standards, and coordinated with other State education reforms. Elements of character include such items as caring, civic virtue and citizenship, justice, respect, responsibility, trustworthiness, and giving.

The request would provide $24 million, the same as the 2002 level, for the Reading is Fundamental/Inexpensive Books Distribution program, which is administered through a contract with Reading is Fundamental, Inc. (RIF), a nonprofit organization affiliated with the Smithsonian Institution. RIF allocates funds to local community associations that select and distribute inexpensive books to children free-of-charge. RIF currently reaches about 3.7 million children through 6,000 projects.

Finally, consistent with the Administration's intent to increase resources for high-priority programs by eliminating small categorical programs that have limited effect, the budget terminates funding for 12 programs authorized under FIE and funded in fiscal year 2002. Each of these programs funds activities that may be supported, at the discretion of local school districts, through other larger and more flexible Federal programs, such as Title IV-A Innovative Program State Grants.

Education for Homeless Children and Youth

	2001	2002	2003 Request
BA in millions	$35.0	$50.0	$50.0

This program provides formula grants to States to facilitate the enrollment of homeless students in school and give them access to services available to other children, such as preschool

programs, special education, gifted and talented programs, and vocational education. States subgrant most funds to local educational agencies for tutoring, transportation, and other services that help homeless children to enroll in, attend, and succeed in school.

Since this program began in 1988, nearly all States have revised their laws, regulations, and policies to improve educational access for homeless students. States have typically eased residency requirements and improved transportation and immunization policies to ensure greater access for homeless students. Nevertheless, homeless children and youth continue to be at significant risk of educational failure and the $50 million request would maintain support for State and local activities designed to reduce that risk.

High School Equivalency Program and
College Assistance Migrant Program
(BA in millions)

	2001	2002	2003 Request
High School Equivalency Program	$20.0	$23.0	$23.0
College Assistance Migrant Program	10.0	15.0	15.0
Total	30.0	38.0	38.0

The High School Equivalency Program (HEP) funds projects to help low-income migrant and seasonal farm workers gain high school diplomas or equivalency certificates. The College Assistance Migrant Program (CAMP) provides stipends and special services such as tutoring and counseling to migrant students who are in their first year of college. Both programs have demonstrated high success rates. In 1998-99, approximately 73 percent of HEP participants completed their GED and 88 percent of CAMP students completed their first year of college in good standing. Almost 74 percent of CAMP participants eventually graduate from college.

The request would enable HEP to serve about 8,600 migrant students, while the number of CAMP participants would be about 2,500.

Indian Education
(BA in millions)

	2001	2002	2003 Request
Grants to LEAs	$92.8	$97.1	$97.1
Special Programs for Indian Children	20.0	20.0	20.0
National Activities	2.7	3.2	5.2
Total	115.5	120.3	122.3

Indian Education programs supplement the efforts of State and local educational agencies, and Indian tribes, to improve educational opportunities for Indian children. The programs link these efforts to broader educational reforms underway in States and localities to ensure that Indian students benefit from those reforms and achieve to the same challenging academic standards as other students.

The request provides level funding for Grants to Local Educational Agencies, which provide funds to public and BIA-supported schools for activities to improve the educational achievement of Indian students. The request also provides level funding for Special Programs for Indian Children, including $7 million to continue the American Indian Teacher Corps, which will support training for 1,000 Indian teachers over a five-year period to take positions in schools that serve concentrations of Indian children. Also included is $12 million to improve educational opportunities for Indian children through demonstration grants in areas such as early childhood education, dropout prevention, and school-to-work programs.

Finally, the request provides $5.2 million to implement a comprehensive research agenda currently in final development that responds to the national need for better education of Indians. This agenda focuses on filling gaps in national information on the educational status and needs of Indians, and on identifying educational practices that are effective with Indian students.

Education for Native Hawaiians
(BA in millions)

	2001	2002	2003 Request
Family-Based Education Centers	$10.9	$12.1	$4.0
Curriculum Development, Teacher Training, and Recruitment	6.6	7.0	2.0
Gifted and Talented	2.6	1.3	1.3
Higher Education	3.2	3.5	3.5
Special Education	2.6	3.1	3.1
Community-Based Centers	1.6	2.1	0.5
Native Hawaiian Education Councils	0.5	0.5	0.5
Other Activities	—	1.0	2.4
Total	28.0	30.5	18.3

The Education for Native Hawaiians program provides supplemental education services and activities for Native Hawaiians. The request includes sufficient funding to continue program grants and services to the Hawaiian Natives, many of whom perform below national norms on achievement tests of basic skills in reading, science, math, and social science. Other Department elementary and secondary education programs, particularly the State formula grant programs, also support improved achievement for Native Hawaiians.

Alaska Native Education Equity
(BA in millions)

	2001	2002	2003 Request
New Activities	—	$7.2	—
Continuation awards	$13.0	9.8	$7.2
Mandated awards	2.0	7.0	7.0
Total	15.0	24.0	14.2

The Alaska Native Education Equity program provides educational services to meet the special needs of Native Alaskan children. Program grants focus on meeting the special needs of Alaska

Native students in order to enhance their academic performance. The 2003 request includes sufficient funding for continuation grants and mandated awards for organizations and activities specified in the statute. Other Department elementary and secondary education programs, particularly the State formula grant programs, also support improved achievement for Alaska Native students.

Training and Advisory Services (Title IV of the Civil Rights Act)

	2001	2002	2003 Request
BA in millions	$7.3	$7.3	$7.3

This program supports 10 regional Equity Assistance Centers that provide services to school districts on issues related to discrimination based on race, gender, and national origin. Typical activities include disseminating information on successful practices and legal requirements related to nondiscrimination, providing training to educators to develop their skills in specific areas, such as identification of bias in instructional materials, and technical assistance on selection of instructional materials.

Title I Evaluation

	2001	2002	2003 Request
BA in millions	$8.9	$8.9	$8.9

This activity supports large-scale national evaluations that examine how Title I is contributing to improved student performance at the State, local educational agency (LEA), and school levels; short-term studies that document promising approaches or models; and other activities to help States and LEAs implement Title I requirements.

Mandated major evaluation activities include a longitudinal study to track the progress of schools in improving student performance, as well as an iterative National Assessment of Title I that focuses on how well schools, school districts, and States are implementing the Title I Grants to LEAs program. The 2003 request would help launch a comprehensive, multi-year evaluation plan for Elementary and Secondary Education Act programs currently under development.

Impact Aid
(BA in millions)

	2001	2002	2003 Request
Payments for Federally Connected Children:			
Basic Support Payments	$882.0	$982.5	$982.5
Payments for Children with Disabilities	50.0	50.0	50.0
Facilities Maintenance	8.0	8.0	8.0
Construction	12.8	48.0	45.0
Payments for Federal Property	40.5	55.0	55.0
Total	993.3	1,143.5	1,140.5

The Impact Aid program provides financial support to school districts affected by Federal activities. The presence of certain children living on Federal property across the country may place a financial burden on school districts that educate them. The property on which the children live is exempt from local property taxes, denying districts access to the primary source of revenue used by most communities to finance education. Impact Aid helps to replace the lost local revenue that would otherwise be available to districts to pay for the education of these children.

The $982.5 million request for Basic Support Payments would provide grants for both regular Basic Support Payments and Basic Support Payments for Heavily Impacted LEAs.

The $50 million request for Payments for Children with Disabilities would help eligible districts meet the mandate under the Individuals with Disabilities Education Act to provide a free appropriate public education for federally connected children with disabilities.

The Department of Education owns and maintains 45 school facilities. The $8 million request for Facilities Maintenance would enable the Department of Education both to continue to transfer these schools to local school districts and to make emergency repairs to the school buildings owned.

School districts also generally pay for most of their school construction costs using their own resources and rely on property taxes to finance these costs. The proposed $45 million for Construction would provide both formula and competitive grants to school districts. Formula grants assist districts with large proportions of military dependent students and students residing on Indian lands. Competitive grants focus on helping LEAs make emergency renovations and modernization changes. The requested funding level is the same amount for construction as in 2002, minus $3 million in Congressional earmarks.

The $55 million request for Payments for Federal Property would provide payments to districts that generally have lost 10 percent or more of their taxable property to the Federal Government.

Civic Education Programs
(BA in millions

	2001	2002	2003 Request
We the People	$12.0	$16.2	—
Cooperative Education Exchange	10.0	10.8	—

We the People provides a noncompetitive grant to the nonprofit Center for Civic Education in Calabasas, California. The program promotes civic competence and responsibility through teacher training and curriculum materials for upper elementary, middle, and high school students.

Cooperative Education Exchange supports education exchange activities in civics and economics between the United States and eligible countries in Central and Eastern Europe, the Commonwealth of Independent States, any country that was formerly a republic of the Soviet Union, the Republic of Ireland, the province of Northern Ireland in the United Kingdom, and any democratic developing country. Award recipients provide educators from eligible countries with exemplary curriculum and teacher training programs in civics and economic education.

The Administration is not proposing to fund these programs in fiscal year 2003. This request is consistent with the Administration's intent to increase resources for higher priority programs by eliminating small categorical programs that have limited impact. While the programs have supported some worthwhile activities, they are not essential to the Department's mission and may be funded from other sources.

Close Up Fellowships

	2001	2002	2003 Request
BA in millions	$1.5	$1.5	—

The Close Up Foundation of Washington, D.C. provides fellowships to middle- and secondary-school students from low-income families and their teachers to enable them to spend one week in Washington attending seminars on government and current events and meeting with leaders from the three branches of the Federal Government. No funding is requested for this activity because of the longstanding commitment by the Close Up Foundation to develop its own sources of fellowship assistance, as well as the demonstrated ability of peer organizations, such as the Presidential Classroom for Young Americans, to provide scholarships to some of their participants without Federal assistance

Dropout Prevention Program

	2001	2002	2003 Request
BA in millions	—	$10.0	—

The request would not fund this activity because school dropout prevention and reentry programs for secondary-school students currently receive significantly higher levels of funding

under such programs as Title I Grants to LEAs, Title I Migrant State Grants, Comprehensive School Reform, and Innovative Programs State Grants.

National Writing Project

	2001	2002	2003 Request
BA in millions	$10.0	$14.0	—

The National Writing Project (NWP) is a nonprofit educational organization that promotes teacher training programs in the effective teaching of writing. Through the NWP national network, teachers in every region of the United States gain access to a variety of effective practice and research findings on the teaching of writing. To provide these services, the NWP contracts with numerous institutions of higher education and nonprofit education providers to operate small ($100,000 or less) teacher training programs. Federal funds support 50 percent of the costs of these programs.

No funds are requested for the NWP in fiscal year 2003. States and districts can use other funds to support this type of training, such as the funds provided under the Improving Teacher Quality State Grants program.

Rural Education

	2001	2002	2003 Request
BA in millions	—	$162.5	—

For 2003, the Administration requests no funding for two ESEA categorical programs that provide additional funds to rural school districts for elementary and secondary education activities. The Small, Rural School Achievement program provides formula funds to rural school districts serving small numbers of students, and the Rural and Low-Income School program provides formula grants to States, which have the option of suballocating funds to rural districts competitively or by formula.

Changes throughout the reauthorized ESEA eliminate the rationale for these programs by directly addressing the needs of rural districts, first by targeting more funds to such districts to help ensure that they receive larger formula allocations, and also by providing flexibility in the use of certain Federal funds to all districts, including rural districts. For example, a district eligible for the Small, Rural School Achievement program can consolidate its formula allocations from four different programs to carry out activities authorized by, among others, any of the consolidated programs or by Part A of Title I. Also, districts eligible for the Rural and Low-Income School program can use the new State and Local Transferability Act to transfer up to 50 percent of their allocations from four different formula programs to any of those programs or to Title I, Part A. Covered programs include, for example, Teacher Quality State Grants, Innovative Programs, or Safe and Drug-Free Schools, with combined funding of nearly $4 billion.

B. SPECIAL EDUCATION AND REHABILITATIVE SERVICES

Overview

The Administration is committed to working to ensure that all Americans have the opportunity to learn and develop skills, engage in productive work, choose where to live, and participate in community life. The 2003 budget supports the President's *New Freedom Initiative* to help people with disabilities lead independent lives. Increases are proposed for programs that show promise in making a positive impact on education, employment, and independent living outcomes for people with disabilities.

The $9.7 billion request for Special Education programs includes $8.5 billion for the Grants to States program, an increase of $1 billion or 13.3 percent over the 2002 level. This level of funding would provide an estimated $1,300 for each child with a disability—the highest level of Federal support ever provided for children with disabilities. The budget also provides a $20 million increase for Grants for Infants and Families, which will help ensure that children with disabilities enter school ready to learn.

For Rehabilitation Services and Disability Research, the budget provides $3.0 billion, an increase of $56 million or 1.9 percent over the 2002 level. Consistent with the President's initiative to direct resources to programs that have the greatest potential to improve outcomes, the request includes $2.6 billion for Vocational Rehabilitation State Grants to help provide over 1.2 million individuals with disabilities the services they need to become employed. In addition, the budget includes $30 million for grants to State VR agencies based on their performance in helping individuals with disabilities obtain competitive jobs, as well as a $3 million increase for the Training program to help ensure that rehabilitation counseling personnel have the skills need to assist individuals with disabilities to obtain high quality employment outcomes. The request also provides $69.5 million, an increase of 11.2 percent, for Centers for Independent Living to help individuals with disabilities lead independent lives.

The Administration is proposing a multi-year effort to reform job training programs, target resources to programs with documented effectiveness, and eliminate funding for duplicative and overlapping programs. As part of this effort, the budget consolidates funding for Supported Employment State Grants, Projects with Industry, and the Migrant and Seasonal Farmworkers program within the Vocational Rehabilitation State Grants program.

SPECIAL EDUCATION

Grants to States

	2001	2002	2003 Request
Dollars in millions	$6,339.7	$7,528.5	$8,528.5
Children ages 3 through 21 Number served (thousands)	6,381	6,470	6,548

The Grants to States program makes formula grants that help States pay the excess costs of providing special education and related services to children with disabilities aged 3 through

21 years. The request would provide an average of $1,300 for each of an estimated 6.5 million children with disabilities. The budget also would provide $16 million for studies to assess progress in implementing the Individuals with Disabilities Education Act.

Preschool Grants

	2001	2002	2003 Request
BA in millions	$390.0	$390.0	$390.0

This program provides formula grants to help States make a free appropriate public education available to all children with disabilities ages 3 through 5. The Preschool Grants program supplements funds provided to States under the Grants to States program and helps to ensure that young children with disabilities are ready to learn when they enter school. The request would provide approximately $626 per child for approximately 622,800 children.

Grants for Infants and Families

	2001	2002	2003 Request
BA in millions	$383.6	$417.0	$437.0

This program makes formula grants to help States implement statewide systems of early intervention services for all eligible children with disabilities from birth through age 2 and their families. The proposed $20 million increase would assist States in meeting the rising costs of administering their systems and serving larger numbers of infants and toddlers with disabilities. These systems help States and local agencies identify and serve children with disabilities early in life when interventions can be most effective in improving educational outcomes. In fiscal year 2003, this program will provide support to 57 State agencies and serve approximately 254,500 infants and toddlers with disabilities and their families.

Special Education National Activities

Special Education National Activities programs support State efforts to provide early intervention services and equal educational opportunity to children with disabilities. The total request for National Activities is $332.3 million, a decrease of $5 million from the 2002 level, which reflects the elimination of funding for one-time projects in 2002.

State Improvement

	2001	2002	2003 Request
BA in millions	$49.2	$51.7	$51.7

This program provides competitive grants to help State educational agencies reform and improve their systems for providing educational, early intervention, and transitional services to improve results for children with disabilities. This includes State systems for professional development, technical assistance, and dissemination.

At least 75 percent of the funds provided to each State are reserved for professional development. The remaining funds are used to carry out State strategies for improving educational results, including efforts to hold school districts and schools accountable for the educational progress of children with disabilities, providing high-quality technical assistance to school districts and schools, and changing State policies and procedures to address systemic barriers to improving results for students with disabilities. The $51.7 million request would support approximately 18 new and 30 continuation awards.

Research and Innovation

	2001	2002	2003 Request
BA in millions	$77.4	$78.4	$78.4

Research and Innovation activities develop new knowledge through research, apply knowledge to create useful practices through demonstrations, and make knowledge available through outreach and other dissemination activities. Because the request reflects the elimination of funding for 15 awards that will be made noncompetitively in 2002 based on appropriation earmarks, level funding would provide $8.4 million to support the research agenda of the President's Commission on Excellence in Special Education.

Technical Assistance and Dissemination

	2001	2002	2003 Request
BA in millions	$53.5	$53.5	$53.5

This program provides technical assistance and disseminates materials based on knowledge gained through research and practice. The request includes continued support of an $8 million initiative to provide grants to help States address their technical assistance needs. About $34.6 million would be available for new projects and $18.7 million for continuation awards.

Personnel Preparation

	2001	2002	2003 Request
BA in millions	$82.0	$90.0	$90.0

This program helps ensure that there are adequate numbers of personnel with the skills and knowledge of the best practices to help children with disabilities succeed educationally. Program activities focus both on meeting the demand for personnel to serve children with disabilities and on improving the quality of these personnel, with a particular emphasis on incorporating knowledge gained from research and practice into training programs. Funds are used to prepare personnel to serve children with low- and high-incidence disabilities, train leadership personnel, and support projects of national significance, such as developing models for teacher preparation. The request would provide $18.2 million for new awards and $71.0 million for continuation awards.

Parent Information Centers

	2001	2002	2003 Request
BA in millions	$26.0	$26.0	$26.0

Parent Information Centers provide parents with the training and information they need to work with professionals in meeting the early intervention and special education needs of their children with disabilities. The request would support new and continuation awards for about 107 centers as well as technical assistance to the centers.

Technology and Media Services

	2001	2002	2003 Request
BA in millions	$38.7	$37.7	$32.7

This program supports research, development, and other activities to advance the application of new and emerging technologies in providing special education and early intervention services. Funds are also used for media-related activities such as captioning films and television for individuals with hearing impairments and video description and recording activities for individuals with visual impairments. The reduction proposed for 2003 reflects the elimination of funding for a one-time project and a one-time award supplement in fiscal year 2002.

REHABILITATION SERVICES AND DISABILITY RESEARCH

Vocational Rehabilitation (VR) State Grants

	2001	2002	2003 Request
BA in millions	$2,399.8	$2,481.4	$2,616.3

Vocational Rehabilitation State Grants provide funds to State vocational rehabilitation agencies to help individuals with disabilities become gainfully employed. Funds are distributed on the basis of a formula that takes into account population and per capita income.

A wide range of services is provided each year to about 1.2 million individuals with disabilities, including vocational evaluation, counseling and guidance, work adjustment, diagnosis and treatment of physical and mental impairments, education and vocational training, job placement, and post-employment services. If States are unable to serve all eligible individuals with disabilities who apply, they must give priority to individuals with the most significant disabilities. Services are provided according to an individualized plan for employment. In 2000, the VR program helped over 236,000 individuals with disabilities achieve employment outcomes, with over 86 percent entering the competitive labor market or becoming self-employed. Approximately 87 percent of the individuals who achieved employment have significant disabilities.

The $2.6 billion request, an increase of $134.9 million or 5.4 percent, would help State VR agencies increase the participation of individuals with disabilities in the labor force. The 2003 budget marks the first year of a multi-year, government-wide reform effort that will target resources to programs with documented effectiveness and eliminate funding for ineffective, duplicative, and overlapping job training programs. Consistent with this crosscutting reform, the request consolidates $62.6 million in funding for Supported Employment State Grants, Projects with Industry, and the Migrant and Seasonal Farmworkers program into the Vocational Rehabilitation State Grants program. In addition to the funds made available through this consolidation, the budget provides $20 million more than the amount of the CPIU increase ($52.1 million) required under current law to help States improve their employment outcomes. The total also includes $26.8 million for grants to Indian tribes.

Vocational Rehabilitation Incentive Grants

	2001	2002	2003 Request
BA in millions	—	—	$30.0

As part of the President's initiative to allocate Federal funds based on performance, the request proposes $30 million for a new Vocational Rehabilitation Incentive Grants program. The goal of this proposed program is to improve State performance under the Vocational Rehabilitation State Grants program by making additional awards to State VR agencies based on their performance in helping individuals with disabilities obtain competitive jobs. The program would be current-funded and funds would remain available for obligation to States through September 30, 2004.

Client Assistance State Grants

	2001	2002	2003 Request
BA in millions	$11.6	$11.9	$11.9

This program makes formula grants to States for activities to inform and advise clients of benefits available to them under the Rehabilitation Act and to assist them in their relationships with service providers, including remedies to ensure the protection of their rights under the Act. The request will provide protection and advocacy services to approximately 67,100 individuals with disabilities.

Training

	2001	2002	2003 Request
BA in millions	$39.6	$39.6	$42.6

This program makes grants to State and public or other nonprofit agencies and organizations, including institutions of higher education, to help ensure that adequate skilled personnel are available to provide rehabilitation services to persons with disabilities. The requested increase

would provide $2 million for an additional 20 Long-Term Training program grants in rehabilitation counseling at the Masters degree level.

Demonstration and Training Programs

	2001	2002	2003 Request
BA in millions	$21.1	$21.2	$17.5

Demonstration and Training awards support the development of innovative methods and comprehensive service programs to help individuals with disabilities achieve vocational outcomes. The program awards competitive grants or contracts to State vocational rehabilitation agencies, community rehabilitation programs, Indian tribes or tribal organizations, or other public or nonprofit agencies or organizations, and for-profit organizations. The reduction from the 2002 level reflects the elimination of funding for one-time projects. At the request level, approximately $2.5 million would be available for new awards.

Migrant and Seasonal Farmworkers

	2001	2002	2003 Request
BA in millions	$2.4	$2.4	—

The Administration is proposing to consolidate funding for this program—which helps State vocational rehabilitation agencies and nonprofit organizations provide rehabilitation services to migrant workers with disabilities—into the VR State Grants program. Consistent with the Administration's initiative to reform job training programs and eliminate duplicative and overlapping activities, there is no need for a separate program to provide specialized services to a specific population eligible for and served by the broader VR State Grants program.

Recreational Programs

	2001	2002	2003 Request
BA in millions	$2.6	$2.6	—

This program supports projects that provide recreation and related activities for individuals with disabilities to aid in their employment, mobility, independence, socialization, and community integration. While the Administration strongly supports helping individuals with disabilities become full and active members in society, this program has limited impact and such activities are more appropriately financed by State and local agencies and the private sector.

Protection and Advocacy of Individual Rights

	2001	2002	2003 Request
BA in millions	$14.0	$15.2	$15.2

This program supports systems in each State to protect and advocate for the legal and human rights of individuals with disabilities. These systems pursue legal and administrative remedies to ensure the protection of the rights of individuals with disabilities under Federal law and provide information on and referrals to programs and services for individuals with disabilities. The request will provide protection and advocacy services to approximately 78,900 individuals with disabilities.

Projects with Industry (PWI)

	2001	2002	2003 Request
BA in millions	$22.1	$22.1	—

The Administration is proposing to consolidate funding for this program into the VR State Grants program because both programs serve the same target populations and VR State Grant funds may be used to support the same activities currently supported through PWI. This proposal is consistent with the Administration's effort to reform Federal job training programs and eliminate duplicative and overlapping activities.

PWI projects help individuals with disabilities obtain employment and advance their careers in the competitive labor market, in part through Business Advisory Councils that participate in project policymaking and provide advice on available jobs and training requirements. In fiscal year 2000, PWI placed about 13,000 individuals with disabilities in competitive employment. Many of these individuals also receive services under the VR State Grants program.

To help PWI projects make the transition from Federal to State and local support, the request includes language specifically authorizing State VR agencies to use State Grant funds to cover fiscal year 2003 continuation costs.

Supported Employment State Grants

	2001	2002	2003 Request
BA in millions	$38.2	$38.2	—

The request consolidates funding for this program into the Vocational Rehabilitation (VR) State Grants program, consistent with the Administration's multi-year initiative to reform job training programs and eliminate duplicative and overlapping activities. The Administration recognizes that supported employment can be an effective strategy in assisting individuals with the most significant disabilities to obtain competitive employment. However, the Administration believes that the Supported Employment program has accomplished its goal and there is no longer a need for a separate supplemental source of dedicated funds to ensure that supported

employment services are provided. VR agencies regard supported employment as an integral part of the VR program.

Independent Living
(BA in millions)

	2001	2002	2003 Request
Independent Living State Grants	$22.3	$22.3	$22.3
Centers for Independent Living	58.0	62.5	69.5
Services for Older Blind Individuals	20.0	25.0	25.0
Total	100.3	109.8	116.8

These programs provide services to individuals with disabilities to maximize their independence and productivity and to help integrate them into the mainstream of American society. The State Grants program awards formula grants to States to expand and improve independent living services and to support the operation of centers for independent living. The Centers for Independent Living program makes competitive grants to support a network of consumer-controlled, nonresidential, community-based centers that provide a broad range of independent living services. Services for Older Blind Individuals assists individuals aged 55 or older whose severe visual impairment makes competitive employment difficult to obtain, but for whom independent living goals are feasible.

The request includes a $7 million or 11.2 percent increase for Centers for Independent Living to both raise the level of support for existing centers and fund new centers in unserved and underserved areas.

Program Improvement

	2001	2002	2003 Request
BA in millions	$1.9	$0.9	$0.9

These funds support activities that increase program effectiveness, improve accountability, and enhance the Department's ability to address critical areas of national significance in achieving the purposes of the Rehabilitation Act. The request would continue support for the National Vocational Rehabilitation Technical Assistance Center as well as on-going performance measurement and dissemination activities.

Evaluation

	2001	2002	2003 Request
BA in millions	$1.6	$1.0	$1.0

These funds are used to evaluate the impact and effectiveness of programs authorized by the Rehabilitation Act of 1973, as amended. The request would enable the Department to continue

support for two studies to be initiated in 2002, provide technical support for enhancing the VR program standards and indicators, and begin one new study.

Helen Keller National Center for Deaf-Blind Youths and Adults

	2001	2002	2003 Request
BA in millions	$8.7	$8.7	$8.7

This program serves individuals who are deaf-blind, their families, and service providers through a national headquarters Center with a residential training and rehabilitation facility; a network of 10 regional field offices which provide referral, counseling, and technical assistance; and an incentive grant program for public and private agencies that serve individuals with deaf-blindness. At the request level, the Center would provide direct services for approximately 90 clients at its residential training and rehabilitation program; serve 1,400 individuals, 450 families, and 1,000 agencies through its regional field offices; and award 1 new incentive grant.

National Institute on Disability and Rehabilitation Research (NIDRR)

	2001	2002	2003 Request
BA in millions	$100.4	$110.0	$110.0

NIDRR helps improve the lives of persons of all ages with disabilities through a comprehensive and coordinated program of research, demonstration projects, and related activities, including training of persons who provide rehabilitation services or who conduct rehabilitation research. NIDRR awards discretionary grants that support rehabilitation research and training centers, rehabilitation engineering research centers, and disability and rehabilitation research projects that address diverse issues in rehabilitation, including the causes and consequences of disability and ways to improve educational, employment, and independent living opportunities for persons with disabilities. Grants or contracts are also awarded for utilization and dissemination of research results and for training.

The request provides sufficient funds to allow NIDRR to continue to support programs that were part of the President's *New Freedom Initiative*, including the Rehabilitation Engineering Research Centers (RERC) program, the Assistive Technology Development Fund, and the Interagency Committee on Disability Research. In recent years, the RERCs have sponsored some of the Nation's most innovative assistive technology research—including work in augmentative and alternative communication, telerehabilitation, and universal design—that has allowed individuals with disabilities to achieve greater independence in all facets of life. Similarly, the Assistive Technology Development Fund helps stimulate technological innovation in the private sector and strengthen the role of small businesses in developing new assistive technologies and bringing them to market. Finally, continued funding for the Interagency Committee on Disability Research would promote greater cooperation across various government agencies in the development and execution of disability and rehabilitation research activities.

Assistive Technology
(BA in millions)

	2001	2002	2003 Request
Title I	$26.1	$24.3	$15.7
Title III	15.0	36.6	15.2
Total for AT Act	41.1	60.9	30.9

The Assistive Technology Act (AT Act) supports grants to States to increase access to and funding for assistive technology devices and services by individuals with disabilities of all ages. Title I of the AT Act authorizes the Assistive Technology State Grant program, protection and advocacy services related to assistive technology, and technical assistance activities. The decrease for Title I reflects the statutory requirements that States are ineligible for funding under the AT State grant program after 13 years of participation and that States are reduced in their ninth and tenth years. Twenty-three States are no longer eligible for funding in fiscal year 2003 and reduced funding would be provided for 1 State in its tenth year.

The request includes $15.2 million for the Alternative Financing Program (AFP) authorized under Title III of the AT Act. This program provide grants to States to establish, enhance, or maintain loan programs for individuals with disabilities to purchase needed assistive technology devices and services. An assistive technology device can dramatically improve the quality of life for individuals with disabilities and their ability to engage in productive employment, but assistive technologies can be prohibitively expensive and most people with disabilities do not have the private financial resources to purchase the assistive technology they need.

In order to increase State participation in the AFP, the Administration is proposing that fiscal year 2003 AFP funds remain available for two years, that States may request less than the minimum amount of $500,000 specified in the statute, and that States may receive more than one grant. These provisions would allow States to apply in fiscal years 2003 and 2004, and to seek levels of funding based on what the State can match in each year.

Access to Telework Fund

	2001	2002	2003 Request
BA in millions	—	$20.0	—

This program seeks to increase employment opportunities for individuals with disabilities by providing greater access to computers and other equipment individuals need to work from home if they choose. To accomplish this goal, the Fund will provide Federal matching funds through discretionary grants to States that will finance loans for individuals with disabilities to purchase computers and other equipment so that they can telework from home.

The request includes no additional funding for 2003 because the $20 million appropriated in 2002 is sufficient for the start-up of this new program and, since it is available for obligation

through September 30, 2003, is flexible enough to permit obligation over a two-year period in response to State interest.

Special Institutions for Persons with Disabilities
(BA in millions)

	2001	2002	2003 Request
American Printing House for the Blind (APH)	$12.0	$14.0	$14.0
National Technical Institute for the Deaf (NTID)	53.4	55.4	52.0
Gallaudet University	89.4	96.9	94.4
Total	154.8	166.3	160.5

The American Printing House for the Blind provides special education materials for students who are visually impaired, offers advisory services for consumers, and conducts applied research. At the request level, APH would provide free educational materials to approximately 58,000 persons with visual impairments at an average per student allotment of $186.72, implement 10 initiatives to improve its technical assistance and outreach services, and conduct over 60 research projects.

The National Technical Institute for the Deaf provides postsecondary technical education and training for students who are deaf and graduate education and interpreter training for persons who are deaf or hearing. NTID also conducts research and provides training related to the education and employment of individuals who are deaf. The request would maintain funding for operations at the 2002 level, provide $1.6 million for construction to repave and improve roadways, walkways, and parking lots at NTID, and increase funding for the Endowment Grant program by $414,000. In 2003, NTID would provide education and training to approximately 1,130 undergraduate and technical students, 60 graduate students, and 75 interpreters for persons who are deaf.

Gallaudet University offers undergraduate and continuing education programs for persons who are deaf and graduate programs for persons who are deaf or hearing. Gallaudet also maintains and operates the Kendall Demonstration Elementary School and Model Secondary School for the Deaf. In 2003, the University will serve approximately 1,320 undergraduate and professional studies students, 700 graduate students, and 365 elementary and secondary education students.

C. VOCATIONAL AND ADULT EDUCATION

With the changing demands of today's economy, it is vitally important that every American, both youth and adult, be well prepared for a future of postsecondary education, employment, and continuous learning. Schools and colleges must adopt educational approaches that ensure that every student achieves rigorous academic knowledge, computer and other technical proficiency, and skills in problem-solving and communications. The Department's Vocational and Adult Education programs help Americans of all ages attain this needed combination of skills and abilities.

Vocational Education
(BA in millions)

	2001	2002	2003 Request
State Grants	$1,100.0	$1,180.0	$1,180.0
Tech-Prep Education State Grants	106.0	108.0	108.0
Tech-Prep Demonstration	5.0	5.0	—
National Programs	17.5	12.0	12.0
Occupational and Employment Information	9.0	9.5	—
Tribally Controlled Postsecondary Vocational and Technical Institutions	5.6	6.5	6.5
Total	1,243.1	1,321.0	1,306.5

Vocational Education programs develop the academic, vocational, and technical skills of students in high schools and community colleges. The 1998 Carl D. Perkins Vocational and Technical Education Act helps States achieve this goal by focusing on the integration of academic and vocational instruction; student attainment of challenging academic, vocational, and technical standards; and development of stronger linkages between education and employers. The Act also greatly increases accountability for results: State and local recipients use program funds to track and measure the educational and workplace outcomes for participating students, and States that exceed their performance goals may be eligible to receive "incentive awards" from the Federal Government.

The request for Vocational Education is $1.3 billion, including level funding for State Grants to support State, high school, and community college activities to improve the quality of vocational education and refine systems to track and report post-program education and employment outcomes for vocational students.

The budget also includes level funding for Tech-Prep Education State Grants, which provides State formula grants for programs that link secondary and postsecondary vocational and academic instruction to prepare individuals for high-tech careers. Tech-Prep programs emphasize the development of (and teacher training in) applied instructional methods for academic classes; more successful entry into postsecondary education; and an increased emphasis on academics, especially math, science, and technology.

Separate funding is not included for Tech-Prep Demonstration or for the Occupational and Employment Information activity. States may use Tech-Prep State grants to carry out demonstrations, and can obtain resources for occupational and employment information through other programs.

Under the request, $12 million for National Programs would continue high-priority research and development activities to assess and improve vocational education programs nationally. Funds support the National Centers for Research and Dissemination in Career and Technical Education and special initiatives in such areas as high school reform, educator professional development, and the development of high-tech "career clusters" that provide curriculum in a broad occupational area.

Finally, the 2003 request includes $6.5 million for Tribally Controlled Postsecondary Vocational and Technical Institutions, the same as the previous year, to support competitive grants to institutions that provide postsecondary vocational and technical education to Native American students.

Adult Education
(BA in millions)

	2001	2002	2003 Request
State Grants	$540.0	$575.0	$575.0
National Institute for Literacy	6.5	6.6	6.6
National Leadership Activities	14.0	9.5	9.5
Total	560.5	591.1	591.1

Many Americans lack the basic literacy skills needed to be successful citizens and workers in our increasingly technology-based economy. The 1994 National Adult Literacy Survey found that between 23 and 27 million adults performed at or below the fifth-grade level in reading and math. Adults who function at the lowest levels of literacy tend to live in poverty, drop out of school, and, if employed, have low-paying jobs. Poor literacy skills affect not only these adults, but their children as well; numerous studies have shown that the educational level of the parent, especially the mother, is the most influential factor in children's success in school.

The Department's Adult Education programs fund State and local activities that enable adults to become literate and complete high school, so that they can succeed as workers, parents, and citizens. Access to Adult Education programs is particularly important for recent immigrants and other limited English proficient adults who wish to learn English and further their education to obtain a GED, attend college, or improve their lifelong learning potential. One-third of recent immigrants do not have a high school diploma or its equivalent, and this population has a significantly lower average income and a higher unemployment rate than native-born Americans.

The Adult Education and Family Literacy Act of 1998 gave priority to the delivery of adult education services that make effective use of technology, are of sufficient intensity to bring about substantial learning gains, have measurable goals for client outcomes, and are based on research. Also, the Adult Education State Grants authority now includes a strengthened emphasis on program accountability. States, in cooperation with the Department, are required to set annual performance goals in such areas as making improvements in participants' literacy skills, receipt of high school diplomas or equivalent credentials, and placement in and completion of postsecondary education and training programs. States that exceed their goals may be eligible to receive "incentive awards" from the Federal Government.

The request for the State Grants program provides level funding to continue State adult education activities and the set-aside of $70 million for English literacy and civics education grants, which help States meet the increased need for adult education services among recent immigrants. The $6.6 million request for the National Institute for Literacy supports communication, capacity-building, and policy analysis activities in support of the national goal that all Americans will be literate and able to compete in the workforce. Institute activities have included developing a Web-based literacy information and communication system, supporting the development of content standards for adult education programs, and funding activities that focus on education of adults with learning disabilities.

In addition, the budget request provides $9.5 million to continue high-priority research, demonstration, and evaluation initiatives funded under National Leadership Activities. In addition to evaluation activities, these funds support technical assistance to States on program accountability and effectiveness, and development and dissemination of staff development and training models to improve teaching.

State Grants for Incarcerated Youth Offenders

	2001	2002	2003 Request
BA in millions	$17.0	$17.0	—

The request does not include separate funding for this program because the Adult Education State Grants program provides a set-aside of up to 8.25 percent for education of prisoners and other institutionalized individuals. Correctional education agencies may apply directly to their States for grants to meet the literacy needs of incarcerated individuals.

Literacy Programs for Prisoners

	2001	2002	2003 Request
BA in millions	$5.0	$5.0	—

The request does not include separate funding for this program because the Adult Education State Grants program provides a set-aside of up to 8.25 percent for education of prisoners and other institutionalized individuals. Correctional education agencies may apply directly to their States for grants to meet the literacy needs of incarcerated individuals.

D. STUDENT FINANCIAL ASSISTANCE

Overview

The 2003 budget reflects President Bush's commitment to equal access to a quality postsecondary education for all Americans. The request would increase funding for the Pell Grant program, the foundation of Federal need-based student financial assistance, by more than $500 million, and more than triple loan forgiveness benefits for highly qualified math, science, and special education teachers in schools serving low-income populations.

Following are the highlights of the Administration's 2003 budget:

- Funding for the Pell Grant program would increase by $549 million to an all-time high of $10.9 billion to increase access to postsecondary education for students from the neediest families. The Administration is also proposing a $1.3 billion supplemental in 2002 to address serious problems caused by the underfunding of the 2002 appropriation. The request also proposes to avoid similar problems in the future by authorizing the Secretary of Education to adjust the maximum Pell Grant award to reflect the latest program cost estimates. Under current estimates, the 2003 request would maintain the 2002 maximum grant of $4,000 for nearly 4.5 million students.

- Student financial aid available would expand to $54.9 billion, excluding the consolidation of existing student loans, an increase of $2.8 billion or 5 percent over 2002. The number of recipients of grant, loan, and work-study assistance would grow by 339,000 to 8.4 million students and parents.

- Loan forgiveness for highly qualified math, science, and special education teachers serving low-income communities would be expanded from $5,000 to a maximum of $17,500. Schools in these communities often are forced to hire uncertified teachers or assign teachers who are teaching "out-of-field." This proposal would help these schools recruit and retain highly qualified math, science, and special education teachers.

- To improve accountability and ensure the efficient, cost-effective delivery of nearly $70 billion in Federal student aid, the Administration is proposing to consolidate more than $900 million in administrative funding, currently split among 3 separate accounts, into a new discretionary Student Aid Administration account. Most of these funds support payments to private-sector contractors or guaranty agencies that help administer the student loan programs.

Student Aid Summary Tables

Budget Authority ($ in millions)	2001	2002	2003 Request
Pell Grants[1]	$8,756.0	$10,314.0	$10,863.0
Supplemental Grants	691.0	725.0	725.0
Work-Study	1,011.0	1,011.0	1,011.0
Perkins Loans	160.0	167.5	167.5
Leveraging Educational Assistance Partnerships [2]	55.0	67.0	0.0
Loan Forgiveness for Child Care Providers	1.0	1.0	1.0
Federal Family Education Loans[3]	-1,659.5	3,781.2	4,124.3
Federal Direct Loans[4]	-557.8	-731.3	-613.2
Total	8,457.7	15,335.4	16,278.6

[1] Amount for 2002 includes proposed supplemental appropriation of $1.276 billion. These supplemental funds are to be completely offset by a rescission of funds for unrequested earmarks and low-priority programs in the fiscal year 2002 appropriations for the Departments of Labor, Health and Human Services, and Education. The specific rescissions from each agency would be determined by congressional appropriations action.

[2] Includes $25 million in 2001 and $37 million in 2002 for Special LEAP.

[3] Budget authority requested for FFEL does not include the liquidating account. The 2001 figure is negative because of a $4.7 billion downward re-estimate largely attributable to revised default collection estimates in prior cohorts reflecting actual trends in default recoveries that exceed earlier experience.

[4] For Direct Loans, the value of future repayments and collections on defaults will exceed default costs and in-school interest subsidies. Therefore, no new BA is required.

Aid Available to Students ($ in millions)[1]

	2001	2002	2003 Request
Pell Grants	$9,581	$10,708	$10,840
Campus-based Programs:			
Supplemental Grants	875	918	918
Work-Study	1,215	1,215	1,215
Perkins Loans	1,195	1,202	1,202
Subtotal, Campus-based programs	3,285	3,335	3,335
Leveraging Educational Assistance Partnerships[2]	135	171	0
Loan Forgiveness for Child Care Providers	—	1	1
Federal Family Education Loans	24,694	26,531	28,513
Federal Direct Loans	10,635	11,404	12,231
Consolidation Loans[3]	17,015	16,978	12,184
Total	65,345	69,127	67,104

[1] Shows total aid generated by Department programs, including Federal Family Education Loan capital, Perkins Loan capital from institutional revolving funds, and institutional and State matching funds.

[2] Reflects only the LEAP program's statutory State matching requirements. State maintenance-of-effort and discretionary contributions above the required match significantly increase the number of grant recipients, the amount of available aid, and the average award.

[3] New FFEL and Direct Loans issued to consolidate existing loans.

Number of Student Aid Awards
(in thousands)

	2001	2002	2003 Request
Pell Grants	4,284	4,444	4,499
Campus-based programs:			
Supplemental Grants	1,169	1,227	1,227
Work-Study	970	970	970
Perkins Loans	711	715	715
Subtotal, Campus-based programs	2,850	2,912	2,912
Leveraging Educational Assistance Partnerships[1]	135	171	0
Loan Forgiveness for Day Care Providers[2]	0	0	0
Federal Family Education Loans	6,355	6,811	7,216
Federal Direct Loans	2,763	2,842	3,003
Consolidation Loans	685	674	483
Total awards	17,073	17,854	18,114

[1] Reflects only the LEAP program's statutory State matching requirements. State maintenance-of-effort and discretionary contributions above the required match significantly increase the number of grant recipients, the amount of available aid, and the average award.

[2] Due to the limited funding level available for this demonstration program, annual recipients are projected to total fewer than 100.

Number of Postsecondary Students Aided by Department Programs

Unduplicated Count (in thousands)	7,661	8,064	8,403

Tax Benefits for Postsecondary Students and Their Families

In addition to Department of Education grant, loan, and work-study programs, significant support for postsecondary students and their families is available through tax credits and deductions for higher education expenses, including tuition and fees. For example, in 2003 students and families will save an estimated $4.1 billion under the HOPE tax credit, which allows a credit of up to $1,500 for tuition and fees during the first 2 years of postsecondary education; $2.4 billion under the Lifetime Learning tax credit, which allows a credit of up to $2,000 for undergraduate and graduate tuition and fees; $2.3 billion under a new above-the-line deduction of up to $3,000 annually in higher education expenses; and $640 million in above-the-line deductions for interest paid on postsecondary student loans.

Pell Grants

	2001	2002	2003 Request
BA in millions	$8,756.0	$10,314.0[1]	$10,863.0
Program costs ($ in millions)	9,872.0	10,730.0	10,863.0
Aid available ($ in millions)	9,581	10,708	10,840
Recipients (in thousands)	4,284	4,444	4,499
Maximum grant	$3,750	$4,000	$4,000[2]
Average grant	$2,299	$2,409	$2,409

[1] Includes proposed supplemental appropriation of $1.276 billion. These supplemental funds are to be completely offset by a rescission of funds for unrequested earmarks and low-priority programs in the fiscal year 2002 appropriations for the Departments of Labor, Health and Human Services, and Education. The specific rescissions from each agency would be determined by congressional appropriations action.

[2] Subject to change based on future estimates of program costs and available funding.

The Pell Grant program helps ensure financial access to postsecondary education by providing grant aid to low- and middle-income undergraduate students. The program is the most need-focused of the Department's student aid programs, with individual awards varying according to the financial circumstances of students and their families.

The Administration proposes $10.9 billion to support Pell Grants in 2003, an increase of $549 million over the 2002 appropriation level. The 2002 appropriations bill created a serious fiscal problem by underfunding the Pell Grant program. While the Act mandated a Pell Grant maximum award of $4,000, it disregarded the Administration's requests to provide resources for the Pell Grant program commensurate with the maximum award. The Act provided only enough funds to pay for a maximum award of $3,600, creating a shortfall of nearly $1.3 billion. To eliminate this shortfall, the Budget includes a 2002 supplemental appropriation of $1.276 billion to fully fund the $4,000 maximum award in academic year 2002-2003. The proposed supplemental funds for Pell Grants are to be completely offset by a rescission of funds for unrequested earmarks and low-priority programs in the fiscal year 2002 appropriations for the Departments of Labor, Health and Human Services, and Education. The Administration will provide Congress with a listing of such programs and expects that Congress will select from this list in enacting a cancellation to offset the Pell Grant shortfall.

Pell Grant costs are highly dependent on volatile applicant and economic trends, making it difficult to project the required funding level for a given maximum award at the time of the appropriation, which may be nine or more months prior to the affected academic year. Accordingly, the Administration is proposing that the Secretary of Education use the most recent program cost projections to set the maximum award for each upcoming academic year immediately prior to the publication of the Pell Grant payment schedule, which must occur by February 1 each year. Under current estimates, the Administration's request for 2003 would maintain the Pell Grant maximum award at $4,000 for academic year 2003-2004, the highest level ever and a full $700, or 21 percent, above the level only three years earlier. Nearly 4.5 million students would receive awards under this request, an increase of 55,000 over 2002.

Campus-Based Programs

The Supplemental Educational Opportunity Grant, Work-Study, and Perkins Loan programs are collectively referred to as the "campus-based" programs because participating institutions are provided with funding that they are responsible for administering on their own campuses. These programs allow financial aid administrators considerable flexibility in the packaging of financial aid awards to best meet the needs of their students.

Supplemental Educational Opportunity Grants

	2001	2002	2003 Request
BA in millions	$691.0	$725.0	$725.0
Aid available (in millions)	875	918	918
Recipients (in thousands)	1,169	1,227	1,227
Average award	$748	$748	$748

The Supplemental Educational Opportunity Grant (SEOG) program provides grant assistance of up to $4,000 per academic year to undergraduate students with demonstrated financial need. The $725 million request would leverage $193 million in institutional matching funds to make available a total of approximately $918 million in grants to an estimated 1.2 million recipients.

SEOG funds are allocated to institutions on the basis of a statutory formula, and a 25 percent institutional match is required. Awards are determined at the discretion of institutional financial aid administrators, although schools are required to give priority to Pell Grant recipients and students with the lowest expected family contributions.

Work-Study

	2001	2002	2003 Request
BA in millions	$1,011.0	$1,011.0	$1,011.0
Aid available ($ in millions)	1,215	1,215	1,215
Recipients (in thousands)	970	970	970
Average award	$1,252	$1,252	$1,252

The Work-Study program provides grants to participating institutions to pay up to 75 percent of the wages of needy undergraduate and graduate students working part-time to help pay their college costs. The school or other eligible employer provides the remaining 25 percent of the student's wages. Funds are allocated to institutions on the basis of a statutory formula, and individual award amounts to students are determined at the discretion of institutional financial aid administrators.

The program encourages institutions to use Work-Study funds to promote community service activities. Institutions must use at least 7 percent of their Work-Study allocations to support students working in community service jobs, and such activities must include at least one

reading tutor or family literacy project. In addition, the Department waives the 25 percent employer-matching requirement for students who work as reading or math tutors.

Perkins Loans
(BA in millions)

	2001	2002	2003 Request
Federal Capital Contributions	$100.0	$100.0	$100.0
Loan Cancellation Payments	60.0	67.5	67.5
Loan volume ($ in millions)	1,195	1,202	1,202
Number of borrowers (in thousands)	711	715	715
Average loan	$1,681	$1,681	$1,681

The Perkins Loan program provides long-term, low-interest loans to undergraduate and graduate students with demonstrated financial need at 2,000 institutions. Total assets of $7.2 billion represent nearly 40 years of Federal capital contributions, institutional matching funds, repayments on previous loans, and reimbursements for cancellations.

As in past years, most funding for new loans will come from the repayment of outstanding loans to the program's institutional revolving funds. The $100 million request and the resources from borrower repayments on the outstanding loan portfolio to institutional revolving funds will be sufficient to provide over $1.2 billion in new Perkins loans to 715,000 students.

Perkins Loan borrowers pay no interest during in-school, grace, and deferment periods, and are charged 5 percent interest during the principal repayment period. Annual borrowing limits are $4,000 for undergraduate students and $6,000 for graduate and professional students.

Perkins Loan Cancellation reimburses institutional revolving funds for borrowers whose loan repayments are canceled in exchange for undertaking certain public service employment, such as teaching in Head Start programs, full-time law enforcement, or nursing. Cancellations have increased significantly in recent years due to the expansion of eligibility by the Higher Education Amendments of 1992 and 1998.

Leveraging Educational Assistance Partnerships

	2001	2002	2003 Request
BA in millions	$55.0	$67.0	—
Aid available in millions[1]	135.0	171.0	—
Maximum grant	$5,000	$5,000	—
Recipients	135,000	171,000	—
Average Grant	$1,000	$1,000	—

[1] Reflects only the LEAP program's statutory dollar-for-dollar State matching requirement for BA up to $30 million and the two-to-one State matching requirement under Special LEAP for BA in excess of $30 million. State maintenance-of-effort and discretionary contributions above the required match, which are not reflected, significantly increase the number of grant recipients, the amount of available aid, and the average award.

The Leveraging Educational Assistance Partnership (LEAP) program was designed to encourage States to retain and expand need-based State grant programs, and to establish community service programs to help financially needy students pay for college. Appropriations in excess of $30 million are reserved for a separate program, Special LEAP, which requires a two-to-one match (rather than the dollar-for-dollar requirement of the regular program) and supports a variety of allowable activities including expanded LEAP awards, scholarships, and early intervention programs.

The request would not fund LEAP in 2003 because the program has accomplished its objective of stimulating all States to establish need-based postsecondary student grant programs, and Federal incentives for such aid are no longer required. State grant levels have expanded greatly over the years, and most States significantly exceed the statutory matching requirements. State matching funds in academic year 1999-2000, for example, totaled nearly $1 billion or more than $950 million over the level generated by a dollar-for-dollar match.

Loan Forgiveness for Child Care Providers

	2001	2002	2003 Request
BA in millions	$1.0	$1.0	$1.0
Aid available in millions	1.0	1.0	1.0
Recipients	75	75	75
Average Grant	$13,333	$13,333	$13,333

The Loan Forgiveness for Child Care Providers Program was authorized under the Higher Education Amendments of 1998 to encourage more highly trained individuals to enter and remain in the early child care profession. Under this demonstration program, Stafford and Unsubsidized Stafford Loan borrowers under the Federal Family Education Loan (FFEL) and the William D. Ford Direct Loan (Direct Loan) programs who have earned degrees in early childhood education and worked for two full years as child care providers in low-income communities may have a portion of their loan obligation forgiven on a first-come, first-served basis. Additional forgiveness is awarded for each consecutive year of service, up to the total of the borrower's outstanding balance after five full years. The Department will evaluate the effectiveness of this program in achieving its statutory goals.

Federal Family Education Loans and Direct Loans

	2001	2002	2003 Request
Federal Family Education Loans			
New Loan Subsidies (BA)	$3,068.3	$3,781.2	$4,124.3
Re-estimate of Prior Loans [1]	-4,727.8	—	—
Federal Administration [2]	48.0	48.8	—
Total, FFEL Program BA	-1,611.5	3,830.0	4,124.3
FFEL Liquidating Account			
New Budget Authority [3]	-1,063.8	-744.8	-625.2
Direct Loans			
New Loan Subsidy (BA)[4]	-1,039.0	-731.3	-613.2
Re-estimate of Prior Loans [1]	481.2	—	—
Federal Administration [2]	770.0	780.0	—
Total, New Budget Authority	212.2	48.7	-613.2
Total, Student Loans (BA)	-2,463.1	3,133.9	2,885.9

[1] Under Credit Reform, the subsidy amounts needed for active loan cohorts are re-estimated annually in both Direct Loans and FFEL to account for changes in actual data compared to projections. In 2001, the Direct Loans re-estimate primarily reflects lower interest rate projections leading to lower repayment estimates, while the FFEL re-estimate is largely attributable to revised default collection estimates in prior cohorts reflecting actual trends in default recoveries that exceed earlier experience.

[2] No funds are requested for loan administration in 2003, as these costs would be part of the proposed discretionary Student Aid Administration account.

[3] This account reflects costs associated with loans made prior to 1992. Budget authority is negative because collections on those loans will exceed default and in-school interest costs.

[4] No new budget authority is required for Direct Loans because the value of future repayments of interest and collections on defaults will exceed default costs and in-school interest subsidies.

New loan volume (in millions)

	2001	2002	2003 Request
Federal Family Education Loans			
New loans	$24,694	$26,531	$28,513
Consolidation loans	9,255	8,335	6,877
Subtotal, FFEL	33,949	34,866	35,390
Direct Loans			
New loans	10,635	11,404	12,231
Consolidation loans	7,760	8,643	5,307
Subtotal, Direct Loans	18,395	20,047	17,538
Total	52,344	54,913	52,928

Number of loans (in thousands)

Federal Family Education Loans			
New loans	6,355	6,811	7,216
Consolidation loans	315	314	226
Subtotal, FFEL	6,670	7,125	7,442
Direct Loans			
New loans	2,763	2,842	3,003
Consolidation Loans	370	360	257
Subtotal, Direct Loans	3,133	3,201	3,261
Total	9,803	10,326	10,703

The Department of Education operates two major student loan programs: the Federal Family Education Loan (FFEL) program and the William D. Ford Federal Direct Loan (Direct Loan) program. The Administration is committed to maintaining both student loan delivery systems, allowing individual institutions to choose which best meets their needs and the needs of their students.

The FFEL program makes loan capital available to students and their families through some 3,500 private lenders. There are 36 active State and private nonprofit guaranty agencies which administer the Federal guarantee protecting FFEL lenders against losses related to borrower default. These agencies also collect on defaulted loans and provide other services to lenders. The FFEL program accounts for about 70 percent of student loan volume.

The Direct Loan program was created by the Student Loan Reform Act of 1993. Under this program, the Federal Government uses Treasury funds to provide loan capital directly to schools, which then disburse loan funds to students. The Direct Loan program began operation in academic year 1994-95 and now accounts for about 30 percent of new student loan volume.

Basic Loan Program Components

Both FFEL and Direct Loans feature four types of loans with similar fees and maximum borrowing amounts:

- Stafford Loans are subsidized, low-interest loans based on financial need. The Federal Government pays the interest while the student is in school and during certain grace and deferment periods. The interest rate varies annually and is capped at 8.25 percent. For July 1, 2001 through June 30, 2002, the rate for borrowers in repayment has been set at 5.99 percent.

- Unsubsidized Stafford Loans are offered at the same low rates as subsidized Stafford Loans, but the Federal Government does not pay interest for the student during in-school, grace, and deferment periods.

- PLUS Loans are available to parents of dependent undergraduate students at slightly higher rates than Stafford or Unsubsidized Stafford Loans, and the Federal Government does not pay interest during in-school, grace, and deferment periods. The interest rate varies annually and is capped at 9 percent. The 2001-2002 rate is 6.79 percent.

- Consolidation Loans allow borrowers with multiple student loans who meet certain criteria to combine their obligations and extend their repayment schedules. The rate for both FFEL and Direct Consolidation Loans is based on the weighted average of loans consolidated rounded up to the nearest 1/8th of a percent.

The 2003 Request

The 2003 budget request for student loans reflects the proposal to expand loan forgiveness for mathematics, science, and special education teachers. Currently, teachers in qualified low-income schools who were new borrowers as of October 1998 and teach for five consecutive years are eligible for up to $5,000 in loan forgiveness. The Administration proposes to substantially increase the amount of forgiveness up to $17,500 for math, science, or special education teachers who meet the definition of highly qualified included in the No Child Left Behind Act and serve in high-need schools. This proposal is estimated to cost about $45 million in additional subsidy for new loans made in fiscal year 2003, plus approximately $36 million for prior cohorts. Over the next 10 years, the policy will cost an estimated $243 million.

Student Aid Program Management

The Administration proposes to centralize its request for $936.4 million to administer the Federal student aid programs within a unified new discretionary Student Aid Administration account. The current student aid administration budget structure—split among multiple mandatory, discretionary, and subsidy accounts—hinders the increased accountability for reducing costs and improving financial controls that are at the foundation of the Secretary's Blueprint for Management Excellence.

The 2003 request represents a $17.9 million, or 2.0 percent, increase over the amount supporting student aid administrative activities in 2002. Nearly 85 percent of this increase—$15 million—is related to statutorily mandated increases in account maintenance fee payments to FFEL guaranty agencies. The balance of the increase supports the assumption by the Department of future retirement expenses previously funded centrally through the Office of Personnel Management. Apart from these two activities, overall spending on student aid administration will decline by $664,000.

Primary responsibility for administering the student aid programs lies with the Office of Postsecondary Education and the performance-based Office of Student Financial Assistance (SFA). SFA was created by Congress in 1998 with a mandate to modernize student aid delivery and management systems, improve service to students and other student aid program participants, reduce the cost of student aid administration, and improve accountability and program integrity. Most student aid administrative funding supports payments to guaranty agencies and to private contractors that service Direct Loans, process student loan applications, and disburse and account for student aid awards to students, parents, and schools.

The Administration is in the process of developing an activity-based budget formulation process for the unified Student Aid Administration account. Such a process would allocate the Department's student aid management expenses to specific business processes to more accurately determine the cost of individual activities or programs, budget administrative funds to each business process, set cost reduction targets, and easily compare actual performance to budget targets.

E. HIGHER EDUCATION PROGRAMS

Overview

The No Child Left Behind Act, with its promise of ensuring over time that all students—including poor and minority students—reach challenging State academic standards, will increase the need for high-quality postsecondary educational opportunities once those students complete high school. Combined with an economy that increasingly demands highly-skilled workers with advanced degrees, it is easy to see why higher education enrollment is expected to rise to 17.5 million by the year 2010, an increase of 20 percent from 1998. The Administration's request for Higher Education Programs will help the Nation's postsecondary institutions respond to the demands generated by a better educated citizenry and a technology-driven world. Higher Education Programs support institutional development, strengthened student services, opportunities for students to gain international expertise and training as language and area specialists, and innovations designed to improve the quality and availability of postsecondary education.

The 2003 request provides a $15.8 million increase, or 3.5 percent, to strengthen institutions of higher education that serve high proportions of minority and disadvantaged students, including Historically Black Colleges and Universities, Historically Black Graduate Institutions, Hispanic-serving Institutions, Tribally Controlled Colleges and Universities, and Alaska Native and Native Hawaiian-serving Institutions.

The budget includes a $4 million increase for the International Education and Foreign Language Studies (IEFLS) programs, which help meet the Nation's security and economic needs through the development of expertise in foreign languages and area and international studies. The increased complexity of the post-Cold War world and the events surrounding the September 11 terrorist attacks on the United States underscore the importance of maintaining and expanding American understanding of other peoples and their languages.

The request includes $802.5 million for the Federal TRIO Programs and $285 million for Gaining Early Awareness and Readiness for Undergraduate Programs (GEAR UP) to provide the educational outreach and support services that will help more than 2 million disadvantaged students to enter and complete college. The budget also would provide $82 million for merit-based scholarships and fellowships to postsecondary students under the Byrd Honors Scholarships, Javits Fellowships, and Graduate Assistance in Areas of National Need (GAANN) programs.

Finally, a $39.1 million request for the Fund for the Improvement of Postsecondary Education (FIPSE) would support a wide-range of projects to reform and improve postsecondary education, while $90 million for Teacher Quality Enhancement would continue support for projects to reform and improve teacher preparation programs and certification requirements.

Title III: Aid for Institutional Development
(BA in millions)

	2001	2002	2003 Request
Strengthening Institutions (Part A)	$73.0	$73.6	$76.3
Strengthening Historically Black Colleges and Universities (Part B)	185.0	206.0	213.4
Strengthening Historically Black Graduate Institutions (Part B)	45.0	49.0	50.8
Strengthening Tribally Controlled Colleges and Universities (Part A)	15.0	17.5	18.1
Strengthening Alaska Native and Native Hawaiian-serving Institutions (Part A)	6.0	6.5	6.7
Minority Science and Engineering Improvement (Part E)	8.5	8.5	8.5
Total	332.5	361.1	373.8

The 2003 request for Title III demonstrates the Administration's strong commitment to ensuring access to high quality postsecondary education for the Nation's minority and disadvantaged students. A $12.7 million, or 3.5 percent, overall increase in Title III funding would help provide equal educational opportunity and strong academic programs for such students and help achieve greater financial stability for the institutions that serve these students.

Developing Hispanic-serving Institutions

	2001	2002	2003 Request
BA in millions	$68.5	$86.0	$89.1

A $3.1 million increase would expand and enhance the academic quality, institutional management, fiscal stability, and self-sufficiency of the colleges and universities that enroll large percentages of Hispanic students. Hispanic Americans are expected—by 2005 or sooner—to become the largest ethnic group in the United States, yet continue to lag behind their non-Hispanic peers in overall educational achievement. This request demonstrates the Administration's commitment to ensuring that Hispanic students have access to high quality postsecondary education and to closing the gaps between Hispanic and majority students in academic achievement, high school graduation, postsecondary enrollment, and life-long learning.

International Education and Foreign Language Studies
(BA in millions)

	2001	2002	2003 Request
Domestic programs	$67.0	$85.2	$88.0
Overseas programs	10.0	11.8	13.0
Institute for International Public Policy	1.0	1.5	1.5
Total	78.0	98.5	102.5

A $4 million increase would provide increased support for programs that strengthen the American education system in the area of foreign languages and international studies. These programs support comprehensive language and area study centers within the United States, research and curriculum development, opportunities for American scholars to study abroad, and activities to increase the number of underrepresented minorities in international service. In addition to promoting general understanding of the peoples of other countries, the Department's international programs also serve important economic, diplomatic, defense, and other security interests of the United States.

Fund for the Improvement of Postsecondary Education (FIPSE)

	2001	2002	2003 Request
BA in millions	$146.7[1]	$180.9[2]	$39.1

[1] Includes $115.5 million for congressionally directed awards.
[2] Includes $149.7 million for congressionally directed awards.

FIPSE supports exemplary, locally developed projects that are models for innovative reform and improvement in postsecondary education. The 2003 request would fund 176 new and continuing projects under the Comprehensive Program in a variety of priority areas, including containing the cost of postsecondary education. Additionally, the request would continue support for the international consortia programs and 27 projects previously funded under the Demonstration Projects to Ensure Quality Higher Education for Students with Disabilities program. The 2003 request does not include funds for projects earmarked in the 2002 appropriations act.

Demonstration Projects to Ensure Quality Higher Education for Students with Disabilities

	2001	2002	2003 Request
BA in millions	$6.0	$7.0	—

This program funds model demonstration projects that provide technical assistance and professional development activities for faculty and administrators in institutions of higher education in order to improve the quality of education for students with disabilities. Funds for continuing projects are requested under FIPSE. No funds are requested for new projects

because such activities can be funded under FIPSE and the Research and Innovation program in the Special Education account.

Federal TRIO Programs
(BA in millions)

	2001	2002	2003 Request
Student Support Services	$249.1	$259.9	$259.9
Upward Bound	251.2	264.8	264.8
Upward Bound Math/Science	30.8	31.8	31.8
Talent Search	106.4	140.8	140.8
Educational Opportunity Centers	32.4	46.3	46.3
McNair Postbaccalaureate Achievement	35.8	36.9	36.9
Staff Training	6.1	6.3	6.3
Dissemination Partnership Projects	5.4	3.3	5.5
Technology Supplements	10.0	5.4	—
Evaluation	0.7	1.5	1.5
Administration/Peer Review	2.1	3.3	3.3
Undistributed	—	2.2[1]	5.4[2]
Total	730.0	802.5	802.5

[1] It is anticipated that these funds will be used to support dissemination activities.
[2] No initial decision has been made on the allocation of these funds.

The Federal TRIO Programs fund postsecondary education outreach and student support services for disadvantaged individuals to help them enter and complete postsecondary education programs. The 2003 request would support new competitions in the Upward Bound, Upward Bound Math/Science, McNair Postbaccalaureate Achievement, and Dissemination Partnership Grants programs. Under the request, Student Support Services projects would continue to provide grant aid to increase the retention of the most needy college students. The request also would continue efforts to improve the effectiveness of the Upward Bound program, including increased recruitment of higher-risk students and the provision of work-study opportunities to increase student retention. The combined TRIO programs would serve a total of nearly 823,000 disadvantaged students.

Gaining Early Awareness and Readiness for Undergraduate Programs (GEAR UP)
(BA in millions)

	2001	2002	2003 Request
State Grants	$96.7	$93.6	$94.2
Partnership Grants	195.3	189.6	189.6
21st Century Scholar Certificates	0.2	0.2	0.2
Evaluation	1.8	1.6	1.0
Peer Review	1.0	—	—
Total	295.0	285.0	285.0

GEAR UP provides mentoring, tutoring, academic and career counseling, and college scholarships to low-income elementary and secondary school students to give them the skills and encouragement they need to successfully pursue postsecondary education. The 2003 request would provide funding for all continuing projects. Through increased matching contributions, GEAR UP projects would add new cohorts of students, serving a total of nearly 1.4 million low-income students.

Scholarships and Fellowships
(BA in millions)

	2001	2002	2003 Request
Byrd Honors Scholarships	$41.0	$41.0	$41.0
Javits Fellowships	10.0	10.0	10.0
Graduate Assistance in Areas of National Need (GAANN)	31.0	31.0	31.0
Thurgood Marshall Legal Educational Opportunity Program	4.0	4.0	—
B.J. Stupak Olympic Scholarships	1.0	1.0	—

Byrd Honors Scholarships provide merit-based support in the amount of $1,500, through formula grants to States, to undergraduate students who demonstrate outstanding academic achievement. The 2003 request would provide awards for 27,334 scholars, including 6,548 new scholars.

Javits Fellowships provide up to 4 years of support to students of superior ability and financial need who are pursuing doctoral degrees, or the highest terminal degree, in the arts, humanities, and social sciences. The 2003 request would support 314 fellows for academic year 2004-2005, including 140 new fellows.

GAANN provides fellowships, through grants to postsecondary institutions, to graduate students of superior ability and financial need studying in areas of national need. Participating graduate schools must provide assurances that they will seek talented students from traditionally under-represented backgrounds. The 2003 request would support 971 fellows, including 537 new fellows.

The Thurgood Marshall Legal Educational Opportunity Program provides minority, low-income, or disadvantaged college students with the information, preparation, and financial assistance needed to gain access to and complete law school study. No funds are requested because disadvantaged individuals can obtain assistance through the Department's postsecondary student financial aid programs.

B.J. Stupak Olympic Scholarships provide financial assistance to athletes who are training at the United States Olympic Education Center or one of the United States Olympic Training centers and who are pursuing a postsecondary education. No funds are requested because athletes can receive grant, work-study, and loan assistance through the Department's postsecondary student aid programs.

Child Care Access Means Parents in School

	2001	2002	2003 Request
BA in millions	$25.0	$25.0	$15.0

This program supports the participation of low-income parents in the postsecondary education system by providing campus-based childcare services. Grants made to institutions of higher education must be used to supplement childcare services or start a new program, not to supplant funds for current childcare services. The program gives priority to institutions that leverage local or institutional resources and employ a sliding fee scale. Funds would be used for the continuation of grants previously funded in fiscal years 2001 and 2002. No funds are requested for new awards because the program is expected to lapse $5 million in 2002 and lapsed approximately $8.7 million in 2001, despite numerous efforts by the Department to generate interest through outreach, technical assistance workshops, and a presentation at the National Coalition for Campus Children's Centers conference.

Teacher Quality Enhancement
(BA in millions)

	2001	2002	2003 Request
State Grants	$44.1	$40.1	$33.9
Partnership Grants	44.1	40.1	46.7
Recruitment Grants	9.8	9.0	9.0
Peer Review	—	0.8	0.4
Total	98.0	90.0	90.0

The Teacher Quality Enhancement program helps improve the recruitment, preparation, licensing, and support of new teachers. State Grants may be used to reform teacher licensing and certification requirements, hold institutions of higher education accountable for high-quality teacher preparation, expand alternative pathways to teaching, and increase support for new teachers. Partnership Grants support a wide range of reforms and improvements in teacher preparation programs. Recruitment Grants help reduce shortages of qualified teachers in high-need school districts through scholarships, support services, and recruitment efforts. The 2003 request would maintain support for all continuing grants and would fund 8 new Partnership Grants.

GPRA Data/HEA Program Evaluation

	2001	2002	2003 Request
BA in millions	$3.0	$1.0	$1.0

The 2003 request would allow the Department to continue program evaluations and data collections for measuring program performance. In particular, funds would continue support for the evaluation of the Teacher Quality Enhancement program.

Underground Railroad Program

	2001	2002	2003 Request
BA in millions	$1.8	$2.0	—

This program provides grants to non-profit educational organizations to establish facilities that house, display, and interpret artifacts relating to the history of the Underground Railroad, as well as to make the interpretive efforts available to institutions of higher education. No funds are requested because funds provided in previous fiscal years were sufficient to enable the program to make substantial progress in carrying out authorized activities.

Academic Facilities
(BA in millions)

	2001	2002	2003 Request
Interest Subsidy Grants	$10.0	$5.0	$3.0
CHAFL Federal Administration	0.8	0.8	0.8
HBCU Capital Financing Federal Administration	0.2	0.2	0.2

These programs support the construction, reconstruction, and renovation of academic facilities at institutions of higher education. Funding for Interest Subsidy Grants and CHAFL Federal Administration is used solely to manage and service existing portfolios of facilities loans and grants made in prior years. The request for HBCU Capital Financing Federal Administration would support management and servicing of both existing and future loans.

Howard University
(BA in millions)

	2001	2002	2003 Request
Howard University Hospital	$30.4	$30.4	$30.4
General Support	202.1	207.1	207.1
Total	232.5	237.5	237.5

The 2003 request would maintain support for Howard University's academic programs, research programs, endowment program, construction activities, and Howard University Hospital. The request reflects continued support for maintaining and improving the quality and financial strength of an institution that has played a continuing role in providing access to postsecondary educational opportunities for African Americans.

F. EDUCATION RESEARCH, STATISTICS, AND ASSESSMENT

Overview

The Administration firmly believes that in order to improve student achievement, educators must rely on proven research-based practices and programs. To ensure that Federal education dollars are invested in programs that work, the government also must invest in research to inform instructional and program practices, as well as in data collection needed to track student achievement and measure educational reform.

For 2003, the Administration is seeking $432.9 million for Education Research, Statistics, and Assessment. This request would support a reauthorization proposal—currently under development—that will improve the quality and relevance of the Department's research activities through new programs of research, a more rigorous grant solicitation and peer review process, and structural and management reforms. The request also would maintain the Administration's commitment to supporting high quality statistics and assessment programs.

Research and Dissemination

	2001	2002	2003 Request
BA in millions	$120.6	$121.8	$175.0

The budget would provide $175 million for education research and dissemination sponsored by the Office of Educational Research and Improvement (OERI), an increase of $53.2 million, or almost 44 percent, over the 2002 level.

The request includes funds for several important new research initiatives, including $20 million to explore the conditions and strategies that enable children who have broken the reading code to be able to comprehend what they read, $15 million for randomized trials of existing preschool curricula, and $10 million to identify the conditions that encourage the use of evidence-based research in decision-making by teachers, school administrators, and policymakers.

The budget also would provide $20 million to fund large-scale implementations of promising educational practices and technologies through the ongoing interagency education research initiative, a collaborative research effort with the National Science Foundation and the National Institute of Child Health and Human Development (NICHD). In addition, the request includes $6.3 million for a joint ED/NICHD initiative supporting research designed to identify critical factors that influence the development of English-language literacy competencies among children whose first language is not English. Other funds would support the national research centers, field initiated studies, and dissemination efforts that enable educators to make use of research findings.

Regional Educational Laboratories

	2001	2002	2003 Request
BA in millions	$65.0	$67.5	$67.5

The request would maintain a network of regional laboratories that carry out applied research and development, dissemination, and technical assistance activities designed to address educational needs in their respective regions.

Statistics

	2001	2002	2003 Request
BA in millions	$80.0	$85.0	$95.0

The request includes $95 million for Statistics, an increase of $10 million or 12 percent, to support the collection, analysis, and dissemination of education-related statistics in response both to legislative requirements and to the particular needs of data providers, data users, and educational researchers. The Department's statistics programs—administered by the National Center for Education Statistics (NCES)—provide general statistics about trends in education, collect data to monitor reform and measure educational progress, and inform the research agenda of OERI. The request also supports NCES efforts to meet the statistical needs of the future through new technologies, training, data development and analysis, and methodological studies that will enable more efficient data collection and produce information that is more useful for parents, teachers, administrators, and policymakers. The increase for 2003 would support the international assessment program, the Schools and Staffing Survey, the Study of Faculty and Students, and the Early Childhood Longitudinal studies.

Assessment

	2001	2002	2003 Request
BA in millions	$40.0	$111.6	$95.4

The request would fund the on-going National Assessment of Educational Progress (NAEP) and the National Assessment Governing Board. NAEP is the only nationally representative and continuing assessment of what American students know and can do, and has become a key measure of our Nation's educational performance. NAEP measures and reports on the status and trends in student learning over time, on a subject-by-subject basis, and makes objective information on student performance available to policymakers, educators, parents, and others. The $16.7 million reduction from the 2002 level reflects lower costs in the second year of implementing the biennial State-level reading and mathematics assessments at grades 4 and 8 required by the No Child Left Behind Act.

Multi-Year Grants and Contracts

	2001	2002	2003 Request
BA in millions	$57.8	$58.0	—

The request would not fund this activity, which supports technical assistance and dissemination to States, school districts, and schools through the Comprehensive Regional Assistance Centers, Eisenhower Regional Mathematics and Science Education Consortia, and the Regional Technology in Education Consortia. In 2002, the Administration will propose

legislation to address the challenge of transforming research findings into educational practice, including provisions to help policymakers, practitioners, and others use the results and findings of scientifically based research to implement effective education policies and practices.

G. DEPARTMENTAL MANAGEMENT

	2001	2002	2003 Request
Discretionary funds (BA in millions)			
Program Administration	$354.6[1]	$364.8[1]	$423.3
Office for Civil Rights	75.8	79.9	89.7
Office of the Inspector General	36.4	38.7	42.4
Student Aid Administration	105.6[2]	107.5[2]	741.4[3]
Other[4]	8.4	11.5	10.6
Total, Discretionary S&E	580.8	602.4	1,307.4
Mandatory funds (BA in millions)			
Student Loan Administration: HEA Section 458[5]	600.0[5]	600.0[5]	—
Total Federal Administration	1,180.8	1,202.4	1,307.4
Full-time equivalent employment (FTE)[6]			
Program Administration	2,313[7]	2,447[7]	2,474
Office for Civil Rights	696	718	714
Office of the Inspector General	275	285	285
Student Aid Administration	1,242[8]	1,217[8]	1,118
Other[4]	40	43	40
Total	4,566	4,710	4,631

[1] Adjusted for comparability. Excludes $57.634 million in 2001 and $58.648 million in 2002 used to administer student aid programs, which are consolidated with FFEL and FDSL Federal administration costs and requested in fiscal year 2003 under the proposed Student Aid Administration account.

[2] Adjusted for comparability. Includes funds from the Program Administration and Federal Family Education Loans accounts used to administer student aid programs, which are consolidated with the FDSL Federal Administration costs and requested in fiscal year 2003 under the proposed Student Aid Administration account.

[3] Excludes $195 million for payments to guaranty agencies.

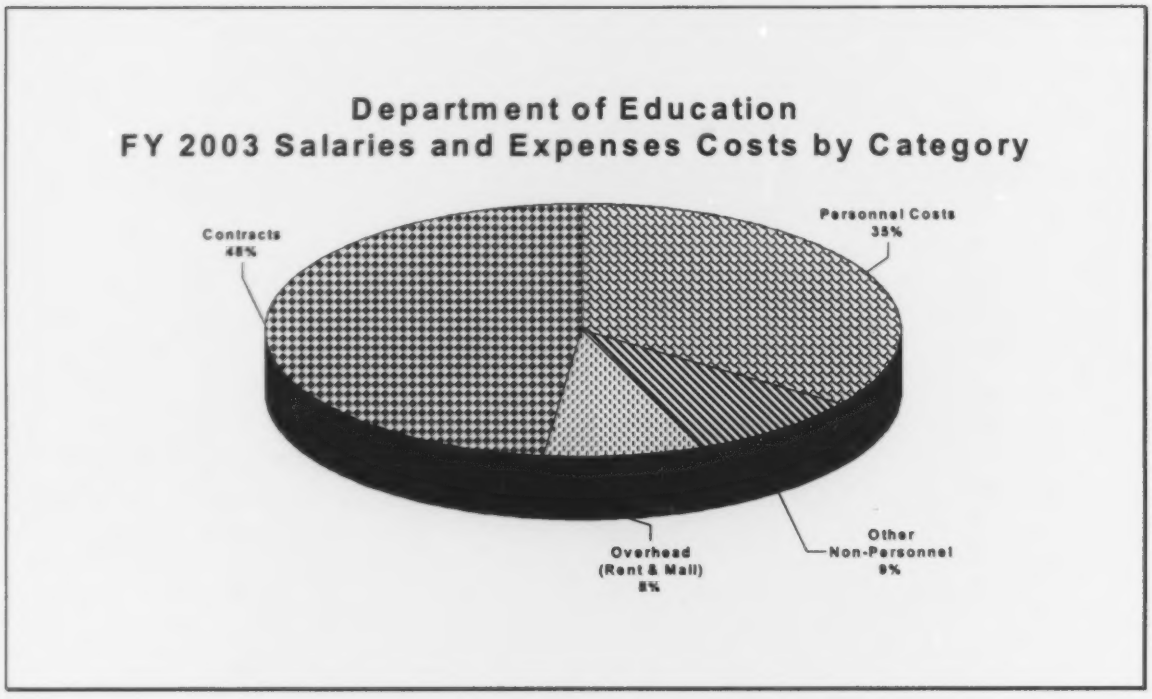
[4] Includes small Federal Credit accounts and S&E activities in program accounts. Excludes National Institute for Literacy and Occupational and Employment Information grants.

[5] Excludes $170 million in 2001 and $180 million in 2002 for payments to guaranty agencies.

[6] Actual FTE usage in 2001; maximum target for 2002 and 2003.

[7] Adjusted for comparability. Excludes FTE to administer student aid programs, which are consolidated with FFEL and FDSL Federal administration FTE requested in fiscal year 2003 under the proposed Student Aid Administration account.

[8] Adjusted for comparability. Includes FTE to administer student aid programs, which are consolidated with FFEL and FDSL Federal administration and Program Administration FTE requested in fiscal year 2003 under the proposed Student Aid Administration account.



Overview

The 2003 budget request for Salaries and Expenses (S&E) will pay the costs of the staff, overhead, contracts, and other activities needed to administer and monitor the Department's educational assistance programs and provide over $60 billion in grants and loans each year to more than 8 million postsecondary students.

The S&E budget proposes a new, discretionary Student Aid Administration account that would consolidate all student aid management costs previously funded through the discretionary Program Administration and Federal Family Education Loans Program (FFELP) accounts and the mandatory Federal Direct Student Loans Program (HEA Section 458) account. The request assumes enactment of the new account structure and displays information from previous years on a comparable basis.

The Department is requesting $1.307 billion for its discretionary S&E budget in 2003, an increase of $105 million over the 2002 level. Included in the request is $459 million for salaries and benefits, an increase of $30 million from 2002 that would primarily cover Government-wide pay raises of 4.6 percent in 2002 and 2.6 percent in 2003 as well as higher benefits costs. In addition, proposed legislation would require the Department to pay the full accruing costs of post-retirement health benefits of all current employees and retirees and the cost of retirement for current Civil Service Retirement System employees.

The non-personnel costs for the administrative accounts cover such items as travel, rent, mail, telephones, utilities, printing, information technology (IT), contractual services, equipment, supplies, and other Departmental services. The total request for non-personnel activities in

2003 is $848 million, an increase of $75 million over the 2002 level resulting primarily from increased investment in information technology.

Department administrative costs continue to constitute a small fraction of the total education budget. For example, even with the increase requested for 2003, the discretionary administrative budget would be only 2.5 percent of the Department's total discretionary budget.

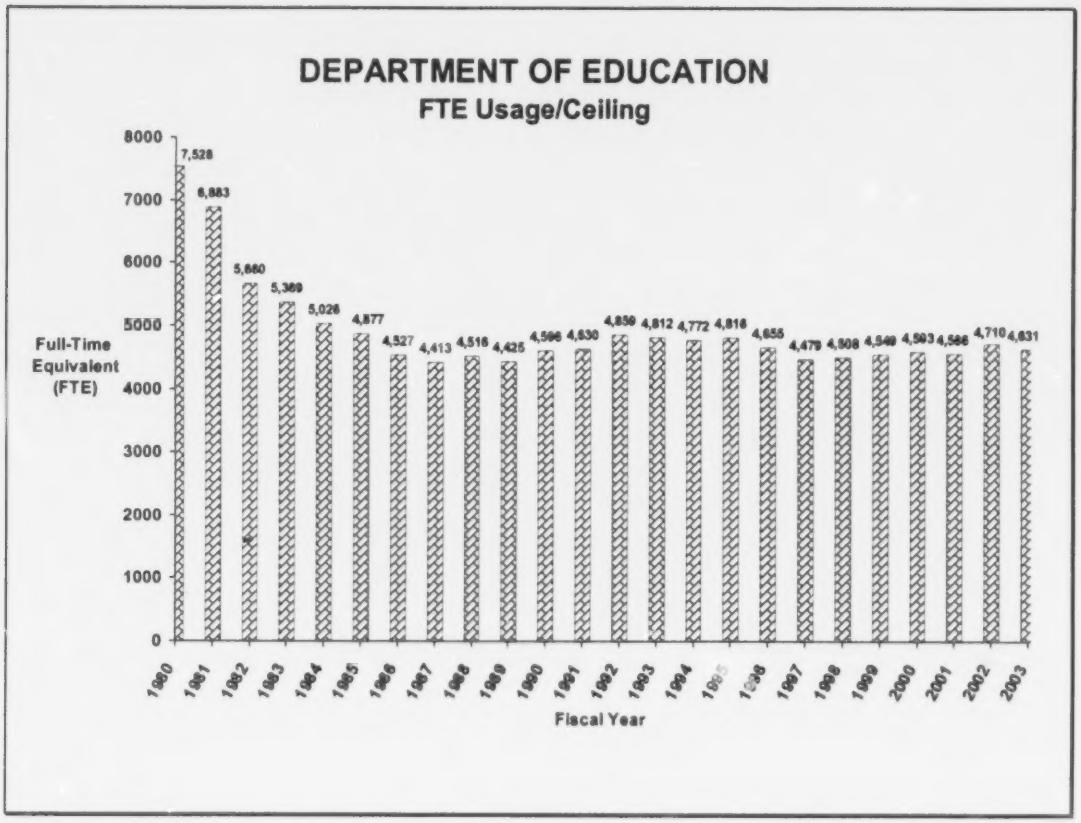
The 2003 budget request for salaries and expenses supports Department initiatives designed to improve government performance through the goals outlined in the President's Management Agenda and the implementation of the No Child Left Behind Act signed into law in January 2002.

To carry out the President's Management Agenda, the Department has developed and is currently implementing its *Blueprint for Management Excellence* (*Blueprint*), which establishes a roadmap for management improvements related to accountability and performance that will make the Department an example of excellence for other government organizations. The 2003 S&E budget request places a heavy emphasis on the following five high priority items included in the *Blueprint*:

- Developing and maintaining financial integrity and management and internal controls;
- Modernizing the student financial assistance programs and reducing their high-risk status;
- Expanding strategies for using human capital;
- Building a culture of accountability within the Department, including performance-based budgeting; and
- Managing Information technology systems to improve business and communications processes.

Department Employment

With a 2002 target of 4,710 FTE, staffing levels are nearly 40 percent below the level of 7,528 FTE when the Department was created in 1980. The 2003 staffing request for the Department is 4,631 FTE, a decrease of 79 FTE from 2002, primarily reflecting a decrease of 99 FTE in the Student Financial Aid (SFA) office. This large decrease is a result of a combination of outsourcing business functions that can be done more cost effectively and efficiently by the private sector, modernizing student aid systems, and flattening the hierarchy within SFA. The decrease is partially offset by small increases in a number of offices required to improve the management of the Department and to carry out the President's education reform agenda.



The Department has maintained operations in spite of reduced staffing levels in part by relying heavily on automation and private contractors to handle such functions as awarding grants, processing student aid applications, and providing grants and loans to more than 8 million college students. Already the smallest of the 14 Cabinet agencies, the Department minimizes administrative tasks and privatizes functions that can be handled more efficiently by outside contractors. A prime illustration is the use of contracts to operate the Direct Student Loan program.

As shown in the following chart, staff is divided among the Washington, D.C., headquarters, 10 regional offices, and 11 field offices. Approximately 71 percent of the employees are assigned to headquarters, and 29 percent are assigned to the regional and field offices. Most regional and field office employees are in the Student Financial Assistance office, the Office of the Inspector General, and the Office for Civil Rights. Activities include review of lenders, institutions, and guaranty agencies participating in the student financial aid programs, as well as collections on defaulted student loans; audits and investigations of Department programs and operations; and civil rights complaint investigations and compliance reviews.

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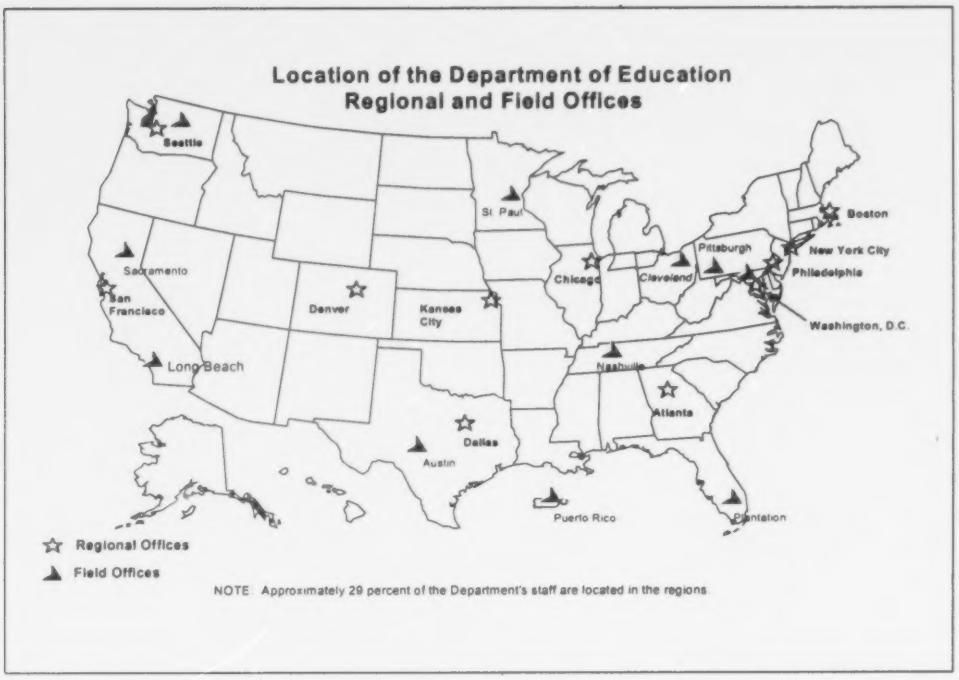

Program Administration

The 2003 request includes $423.3 million, an increase of $58.5 million, for the Program Administration account, which funds administrative support for most programs and offices in the Department. The increase would provide $22.2 million for staff pay and benefits, including an additional 27 FTE for a total of 2,474 FTE, and $36.3 million for non-pay costs. The non-pay increase includes $12.8 million for renovating the Department's Mary E. Switzer building in Washington, D.C., and $10 million to implement the Data Management Initiative for Elementary and Secondary Programs, which will collect timely data on student achievement and educational outcomes. Other non-pay costs include rent, travel, data collection, evaluations, computer hardware and software support for the staff, and other administrative activities.

Student Aid Administration

In fiscal year 2003 the Department of Education will provide over $67 billion in Federal student aid grants and loans to over 8 million students and parents. In awarding this aid, the Department and its contractors will interact on a daily basis with over 6,000 schools; 3,500 lenders; 36 guaranty agencies; and dozens of accrediting agencies, participants in the secondary market for student loans, and other organizations. Ensuring the smooth operation of the complex array of financial transactions involving these numerous participants in the student financial aid programs—and safeguarding the interests of both students and Federal taxpayers—is perennially the Department's greatest management challenge and its highest administrative priority. Primary responsibility for administering the Federal student financial assistance programs rests with the Office of Student Financial Assistance (SFA) and the Office of Postsecondary Education (OPE).

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As noted earlier, funding for student aid management has been provided in previous years through 3 separate accounts: the discretionary Program Administration and Federal Family Education Loan Program (FFEL) accounts and the mandatory Federal Direct Student Loan Program (HEA Section 458). For 2003, the Administration is proposing to consolidate these separate funding streams into a new discretionary Student Aid Administration account that would represent more than 55 percent of the Department's total administrative budget. The request would provide $741.4 million to administer student aid programs in 2003, an increase of $34 million over the comparable 2002 level.

Management Improvement and Government Reform

The 2003 Salaries and Expenses request would help implement management improvements and government-wide reforms proposed by the Administration, as reflected in the Department's *Blueprint for Management Excellence*. The following section describes how individual items in the S&E request support the five priorities in the *Blueprint*. The major goals and benchmarks for measuring progress in priority areas are shown in text boxes accompanying the description of each priority.

Improving Financial Integrity/Management and Internal Controls

Financial integrity

Financial integrity requires accurate and relevant financial reporting systems and processes in order to provide policy makers and managers with timely and accurate financial information. In addition, revenues and expenditures must be properly accounted for and reported on so that that reports and data produced by financial management systems will provide reliable information to managers making program and asset-related decisions.

- Clean audit opinion for FY 2002.
- Provide program managers with financial data needed to manage effectively by FY 2003.
- Earn Certificate of Excellence for Accountability Reporting by FY 2004.

Management and internal controls

Management and internal controls will be adopted and enhanced to reduce the risk of errors and permit effective monitoring of programs and processes. Management controls will ensure that programs achieve their intended results and are protected from waste, fraud, and mismanagement. Internal controls will help ensure effective and efficient Department operations as well as reliable financial reporting.

- Substantially reduce external and internal accountability risks by FY 2002
- Use performance monitoring to promptly resolve identified issues by FY 2002.

The 2003 President's budget includes the following requests to support the management improvement priority on financial integrity and management and internal controls:

Education Central Automated Processing System - EDCAPS: The request includes $19.2 million, an increase of $1.9 million over the 2002 level, for the continuing operations and enhancement of the EDCAPS core financial system. This level would support integration of the

new Oracle general ledger system with other financial systems; data reconciliation, audit, and preparation of financial statements; and the development of a data mart/warehousing module designed to enhance financial reporting.

Electronic travel system: The budget provides $654,000 to maintain and enhance the new GELCO web-based travel management system, which in 2002 will replace a travel system residing at the National Finance Center in New Orleans. The new, independently operated system will provide more timely and efficient processing of travel documents. Enhancements for 2003 would include on-line booking and wireless technology capabilities.

Financial Advisor's contract: The budget includes $3.7 million, the same as the 2002 level, for outside assistance—primarily from Cotton and Company—in the preparation of financial statements, data reconciliation, development of policies and procedures, and other financial management activities.

Grants management improvement activities: A $485,000 request would improve the grant-making process through such initiatives as the Grants & Contracts Information website (http://www.ed.gov/offices/OCFO/gcsindex.html), which provides information such as grant award opportunities and grant application forms to the public, and the E-Reader project, which supports off-site grant reviews by allowing field readers to enter evaluations and scores via the internet.

Audit of financial statements: The OIG request includes $2.2 million, an increase of $360,000 over the 2002 level, for the mandated audit of the Department's financial statements, which is currently contracted through Ernst and Young. The additional funds would help OIG auditors meet the requirements of the new Financial Audit Manual and support the implementation of the new general ledger system scheduled to come online in 2002.

Modernizing and Reducing the High-Risk Status of Student Aid Programs

The Department will improve its financial and management information systems to support the effective management of the student aid programs, following specific criteria provided by the General Accounting Office for reducing student aid risk and removing the programs from the high-risk list. These improvements will ensure that relevant, timely information is available to manage day-to-day operations and provide accountability.

- Minimize defaults and improve collections by FY 2002.
- Integrate student financial aid information systems by FY 2003.
- Reduce vulnerability to fraud, waste, error, and mismanagement by FY 2003.

The 2003 budget would fund the following activities in support of the student aid priority:

Creation of Unified Student Aid Administration Account: The Administration proposes to centralize its request for $936.4 million to administer the Federal student aid programs within a unified new discretionary Student Aid Administration (SAA) account. The current student aid administration budget structure—split among multiple mandatory, discretionary, and subsidy accounts—hinders the increased accountability for reducing costs that is at the foundation of the establishment of a performance-based organization to run program operations.

Develop an Activity-Based Budget Formulation System: The Department is developing an activity-based budget formulation process for the unified SAA account. This process will allocate the Department's student aid management expenses to specific business processes to more accurately determine the cost of individual activities or programs, budget administrative

funds to each business process, set cost reduction targets, and easily compare actual performance to budget targets.

Common Origination and Disbursement System (SAA Account): This initiative, initially implemented in 2002 and expected to cost $42 million in 2003, allows institutions to access Pell Grant and Direct Loan program funds through a single system, thus simplifying operations, eliminating duplication, and enhancing record-keeping and financial management reporting for both schools and the Department.

Financial Management Systems (SAA account): The budget includes $8.3 million to operate a consolidated Financial Management System for the student aid programs that allows the Department to report financial information and statistics across programs, consolidate redundant processes, and manage cash and funding activities. The new system also will provide Congress and other outside organizations summary and detailed accounting on student aid grant, loan, and operational activities.

National Student Loan Data System Redesign (SAA account): The request provides $7 million to improve performance and reduce operations costs for the National Student Loan Data System (NSLDS), a student-level system centralizing student aid data obtained from schools and guaranty agencies. Upgrading this system, which is used to verify student eligibility and calculate institutional cohort default rates, is a key component of the Department's financial management and program integrity efforts.

Student Aid Data Warehouse (SAA account): This $4 million initiative will integrate standalone student aid data marts into a single data warehouse and standardize data formats, eliminating unnecessary duplication and complex reconciliation requirements.

Expanding Strategies for Using Human Capital

The Department's human capital strategy will transform the agency by streamlining operations in order to bring work closer to its customers: taxpayers, States, school districts, and schools. This will be accomplished by reducing the number of managers, delayering management levels, increasing competitive sourcing, and improving decision-making.

- Meet or exceed OMB goals for competitive outsourcing in FY 2002 and FY 2003.
- Give managers tools and flexibility to hire top-notch talent by FY 2003.
- Ensure that employees have the skills to do their jobs by FY 2004.

The request includes the following activities in support of the priority on human capital:

Training and management development: The request would provide $14.4 million for training of Department employees, an increase of $1.7 million over the 2002 level. Training will support management goals and focus on several key areas identified through a needs assessment, including financial management, grants management, leadership development, and advanced information technology training.

Organizational improvement and human capital investment: The budget includes $165,000, up from $105,000 in 2002, for contractual assistance to provide the Department with expertise in a variety of human capital areas, including recruiting and retention issues, business reengineering, and teambuilding efforts.

Managing Information Technology to Meet the Needs of ED Customers

In order to meet the President's Management Agenda goals of an expanded electronic government, the Department will improve the management of its IT investments, protect the integrity and confidentiality of data, improve data management, and increase the use of technology in serving customers.

- Maximize online conduct of business with customers by FY 2003.
- Ensure compliance of financial audit with statutory IT management requirements by FY 2003.
- Perform procurement and program data reporting online by FY 2003.

The following activities would support the IT management priority in 2003:

Internet and intranet development: The budget includes $4.2 million for the continued expansion and operation of the Department's Internet and intranet sites, an increase of $500,000 over the 2002 level. These sites provide a critical communications link to both the Department's internal and external customers, including grantees, students, educational institutions, government agencies, and contractors. The increase would support the integration of more than 200 Department-funded sites into a single customer-oriented portal.

Data standardization and coordination: A $2.1 million request, up by $257,000 from 2002, would support this effort to eliminate multiple data collection efforts that are a burden to the education community and replace them with a streamlined system for collecting and disseminating data. The new system will improve the quality of Department information and facilitate the sharing of information between the Department and States, localities, school districts, and individual schools—a key requirement for ensuring that decisionmakers have the data needed to hold schools accountable for results.

Information technology architecture: The budget would provide $936,000, an increase of $36,000 over the 2002 level, to continue support for the Information Technology Architecture project, which will develop a blueprint for information technology development and management that will guide selection and implementation of IT Department-wide. The IT architecture, which will govern IT investment decisions, is a key requirement of Federal technology statutes.

Network operations and software licensing: The request includes $31.7 million for network maintenance, operations, and improvements, an increase of $3.3 million over the 2002 level. This project provides end-user support, as well as maintenance and operations for the local area network system, which includes headquarters and all of the regional offices. Most of the increase would be used to improve customer support and enhance data back-up capabilities.

Web-based data collection system: The budget includes $2.4 million help the Office for Civil Rights develop a Web-based system to collect data for its Elementary and Secondary School Civil Rights Compliance Report, thereby reducing the data reporting burden on recipients.

Asset management system: A $1.5 million request, up $555,000 from 2002, would support the development of a centralized asset management process system. The Asset Management project—which will help the Department manage IT assets, prevent the purchase of incompatible and unnecessary equipment, and control theft of government property—will help improve accountability and customer service and support the Department's efforts to obtain clean audit opinions.

IT security: The request includes level funding of $1.9 million for efforts to strengthen key aspects of the Department's IT security, including Department-wide security awareness and training, security reviews and implementation of corrective action plans, development of disaster recovery plans, and electronic signature authority for Department information and services.

System security audits: The budget provides $300,000, the same as in 2002, to audit the Department's security controls for its critical information systems, as required by the Government Information Security Reform Act. Such audits are increasingly important as the Department increases the number of paperless transactions with its customers.

Continuity of Operations Project: A $3.3 million request, up $267,000 from the 2002 level, would support the development and implementation of a comprehensive plan to ensure the continuity of essential functions in the event of an emergency or disaster, as required by a Presidential directive. Funds would support the completion of a secondary data processing, or "Warmsite Support Center," in Atlanta, as well as other project maintenance.

Paperwork Elimination: The Government Paperwork Elimination Act (GPEA) requires the Department to transact business electronically whenever possible. The 2003 budget would provide $1.2 million, an increase of $865,000, to support efforts to comply with this law, which will require a significant reengineering of many business processes within the Department.

Achieving an "Accountability for Results" Culture

- ED programs and services will focus on results and meet Administration goals by FY 2003.
- ED will set the standard for performance accountability among Federal agencies by FY 2003.
- ED will be the national benchmark for management excellence by FY 2003.

The Department will place a heavy emphasis on monitoring results and measuring progress as it performs its mission. The recipients of Department funds, Department employees, and Department contractors will be held responsible for their performance in relation to achieving the goals and objectives of the Department. The Department will work with grantees and contractors to develop performance standards that will yield results called for in the long-range strategic plan. Internally, measurement of employee performance will be linked to how well goals are being met.

The following activities would support the "Accountability for Results" priority in 2003:

Results-based data management: The request includes $10 million for the new Performance-Based Data Management Initiative, which will focus elementary and secondary education program management and reporting on student achievement. The initiative will support internet-based collection of timely data on student achievement and educational outcomes, reduction of existing reporting burdens on States and school districts, and expansion of the use of educational results to identify performance trends and inform management, budget, and policy decisions.

Higher education internet-based support and program performance reporting/information and communication system: Level funding of $725,000 would support the integration of databases to enable program managers and staff to collect and analyze Higher Education program data so that information can be reported and disseminated to internal and external customers in an efficient manner. Funds will also be used to develop and maintain a Web-based program performance system for Higher Education programs.

Achievement levels: An $800,000, up from $500,000 in 2002, would support studies on improving the way student performance standards are set and the ways in which achievement levels are reported, used, and interpreted.

Office for Civil Rights

The Department's Office for Civil Rights (OCR) investigates discrimination complaints, conducts compliance reviews, monitors corrective action plans, and provides technical assistance on civil rights issues. The 2003 request for OCR is $89.7 million, an increase of $9.8 million over the 2002 level. About $65.5 million of the OCR budget is for staff pay and benefits for its 714 FTE; the remaining $24.2 million covers overhead costs as well as computer equipment, data analysis and reporting activities, travel, staff training, and other contractual services. Over half of the requested increase, $5.4 million, is needed for pay raises and proposed legislation that requires agencies to pay for the full accruing costs of retirement for Civil Service Retirement System employees as well as health-care benefits for retirees. The remainder of the increase, $4.4 million, is primarily for the implementation of a web-based data collection system for OCR's Elementary and Secondary School Civil Rights Compliance surveys ($2.4 million) and GSA-mandated moves ($1.4 million).

OCR's current civil rights enforcement program, enhanced by increased information-sharing, exemplifies this Administration's belief that the "The federal role in education is...to serve children," and supports the President's *No Child Left Behind* initiative by seeking to strengthen elementary and secondary schools and to close the achievement gap. In 2003, OCR plans to build on the strengths of its strategic and collaborative civil rights enforcement program, which include timely and legally sufficient complaint resolution, effective compliance reviews, preventive policy and technical assistance, results-oriented monitoring, and reduction of the data reporting burden on recipients. In addition, OCR will continue to coordinate civil rights initiatives with ED program components and with internal and external Federal agencies.

Office of the Inspector General

The Office of the Inspector General (OIG) conducts audits and investigations of the Department's programs and activities to help ensure accountability for taxpayer-provided funds and to identify management improvements. The 2003 request for the OIG is $42.4 million, an increase of $3.6 million over 2002. Approximately 69 percent of this amount, or $29.3 million, is for personnel compensation and benefits to support a staffing level of 285 FTE. A little more than half of the remaining $13.1 million in non-personnel costs is for OIG's administrative and overhead services, such as rent, postage/fees, telecommunications, payroll processing, and information technology services contracts. Of the requested increase, $2.6 million is needed for pay raises and proposed legislation that requires agencies to pay for the full accruing costs of retirement for Civil Service Retirement System employees as well as health-care benefits for retirees. The remainder of the increase is for travel, audits of the Department's financial statements, and information technology services and equipment.

The requested budgetary resources will allow the OIG to engage in the types of activities that will enable the Office to reach these goals and at the same time provide support to the Department in its mission to ensure equal access to education and promote educational excellence throughout the Nation. The office continues to focus the majority of its efforts and resources on Student Financial Assistance programs.

APPENDICES

Tables:

- Total Expenditures for Education in the United States
- Detailed Budget Table by Program

Total Expenditures for Education in U.S. [1]
(dollars in billions)

Source of Funds by Level	2000-2001 Dollars	2000-2001 Percent	2001-2002 [2] Dollars	2001-2002 [2] Percent
Elementary and Secondary				
Federal [3]	$30.0	7.1%	$35.0	7.9%
State	191.3	45.2	198.2	44.8
Local	161.2	38.1	167.7	37.9
All Other	40.3	9.5	41.7	9.4
Subtotal, Elementary and Secondary	422.7	100.0	442.6	100.0
Postsecondary				
Federal [3]	33.4	12.1	34.9	12.1
State	62.9	22.7	65.9	22.8
Local	7.4	2.7	7.8	2.7
All Other [4]	173.2	62.5	180.5	62.4
Subtotal, Postsecondary	277.0	100.0	289.1	100.0
All Levels				
Federal [3]	63.4	9.1	69.9	9.6
State	254.2	36.3	264.1	36.1
Local	168.6	24.1	175.4	24.0
All Other [4]	213.5	30.5	222.2	30.4
Total, All Levels	699.7	100.0	731.7	100.0

Source: U.S. Department of Education, National Center for Education Statistics, "Common Core of Data" and "Financial Statistics of Institutions of Higher Education," surveys and unpublished data. (This table was prepared March 2001.)

[1] Data revised from previously published figures.
[2] Projected.
[3] Includes expenditures of all Federal agencies.
[4] Federally supported student aid that goes to higher education institutions through students' tuition payments is shown under "All Other" rather than "Federal." Such payments would add substantial amounts and several percentage points to the Federal share.

NOTES: Data above may vary from data reported in other surveys of education funding. Differences can be accounted for primarily by differences among the reports in any of the following: measures of funding used, e.g., budget authority vs. expenditures; the definition of education used; agencies and institutions reporting the data; and basis of dollars reported, e.g., current vs. constant dollars.

Because of rounding, detail does not add to totals.

(in thousands of dollars)

Office, Account, Program and Activity	Category Code	2001 Appropriation	2002 Appropriation	2002 Proposed Supplemental	2003 President's Request	President's Request Compared to 2002 Appropriation: Amount	Percent
OFFICE OF ELEMENTARY AND SECONDARY EDUCATION (OESE)							
Education for the Disadvantaged							
1. Grants to local educational agencies (ESEA I-A):							
(a) LEA grants formulas:							
(1) Basic grants (section 1124)	D	7,397,690 [1]	7,172,971	—	7,175,901 [2]	2,930	0.0%
(2) Concentration grants (section 1124A)	D	1,365,031 [1]	1,365,031	—	1,365,031	0	0.0%
(3) Targeted grants (section 1125)	D	0	1,018,499	—	2,018,499	1,000,000	98.2%
(b) Education finance incentive grants formula (1125A)	D	0	793,499	—	793,499	0	0.0%
Subtotal		8,762,721	10,350,000	—	11,352,930	1,002,930	9.7%
Annual appropriation	D	2,004,421	3,161,699	—	4,164,629	1,002,930	31.7%
Advance for succeeding fiscal year	D	6,758,300	7,188,301	—	7,188,301	0	0.0%
2. Reading first:							
(a) Reading first State grants (ESEA I-B-1)	D						
Annual appropriation	D	91,000	705,000	—	805,000	100,000	14.2%
Advance for succeeding fiscal year	D	195,000	195,000	—	195,000	0	0.0%
Subtotal		286,000 [3]	900,000	—	1,000,000	100,000	11.1%
(b) Early reading first (ESEA I-B-2)	D	0	75,000	—	75,000	0	0.0%
Subtotal, Reading first		286,000	975,000	—	1,075,000	100,000	10.3%
3. Even start (ESEA I-B-3)	D	250,000	250,000	—	200,000	(50,000)	-20.0%
4. Literacy through school libraries (ESEA I-B-4)	D	0	12,500	—	12,500	0	0.0%
5. State agency programs:							
(a) Migrant (ESEA I-C)	D	380,000	398,000	—	398,000	0	0.0%
(b) Neglected and delinquent (ESEA I-D)	D	46,000	46,000	—	46,000	0	0.0%
Subtotal		426,000	444,000	—	444,000	0	0.0%
6. Comprehensive school reform (ESEA I-F)	D	210,000 [4]	235,000	—	235,000	0	0.0%
7. Evaluation (ESEA sections 1501 and 1503)	D	8,900	8,900	—	8,900	0	0.0%
8. Close up fellowships (ESEA section 1504)	D	1,500 [5]	1,500	—	0	(1,500)	-100.0%
9. Advanced placement (ESEA I-G)	D	22,000 [5]	22,000	—	22,000	0	0.0%
10. Dropout prevention programs (ESEA I-H)	D	0	10,000	—	0	(10,000)	-100.0%
11. Capital expenses for private school children (ESEA V-D-19)	D	6,000	0	—	0	0	—

[1] *Includes supplemental appropriation amounts of $159,969 thousand for Basic Grants and $1,031 thousand for Concentration Grants.*

[2] *Includes $2,930 thousand for increased pension and annuitant health care costs for Bureau of Indian Affairs employees who work in Bureau of Indian Affairs Schools receiving ESEA Title I funds. Comparable benefit payments for 2001 ($2,970 thousand) and 2002 ($2,938 thousand) are currently made from a central Office of Personnel Management mandatory fund.*

[3] *Adjusted for comparability. Funds were provided for Reading and Literacy Grants under the Reading Excellence account.*

[4] *An additional $30,000 thousand in fiscal year 2001 was provided for comprehensive school reform activities in the total appropriated for the Fund for the Improvement of Education under the Education Research, Statistics, and Assessment account.*

[5] *Adjusted for comparability. Funds were provided in the School Improvement Programs account.*

NOTE: Category Codes are as follows: D = discretionary program; M = mandatory program.

(In thousands of dollars)

Office, Account, Program and Activity	Category Code	2001 Appropriation	2002 Appropriation	2002 Proposed Supplemental	2003 President's Request	President's Request Compared to 2002 Appropriation: Amount	Percent
Education for the Disadvantaged (continued)							
12. Migrant education (HEA IV-A-5):							
(a) High school equivalency program	D	20,000	23,000	—	23,000	0	0.0%
(b) College assistance migrant program	D	10,000	15,000	—	15,000	0	0.0%
Subtotal		30,000	38,000	—	38,000	0	0.0%
Total, Appropriation	D	10,003,121 [1]	12,348,900	—	13,388,330	1,041,430	8.4%
Total, Budget authority		9,446,584	11,916,899	—	13,388,330	1,471,431	12.3%
Current	D	3,049,821 [2]	4,963,599 [3]	—	6,005,029 [3]	1,041,430	21.0%
Prior year's advance	D	6,396,763 [4]	6,953,300 [4]	—	7,383,301	430,001	6.2%
Outlays, Total	*D*	*8,847,199*	*9,398,248*	—	*11,850,171*	*2,451,923*	*26.1%*
Current	*D*	*2,487,457*	*3,135,275*	—	*4,602,941*	*1,467,666*	*46.8%*
Advance	*D*	*6,159,742*	*6,262,973*	—	*7,247,230*	*984,257*	*15.7%*

[1] *Adjusted for comparability. Includes a total of $309,500 thousand in fiscal year 2001 for programs appropriated in fiscal year 2002 in the Reading Excellence account and the School Improvement account.*

[2] *Excludes a comparable advance appropriation of $6,953,300 thousand that becomes available on October 1 of fiscal year 2002.*

[3] *Excludes an advance appropriation of $7,383,301 thousand that becomes available on October 1 of the succeeding fiscal year.*

[4] *Adjusted for comparability. Includes $195,000 thousand in prior year advance appropriations provided for the Reading Excellence account.*

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(in thousands of dollars)

Office, Account, Program and Activity	Category Code	2001 Appropriation	2002 Appropriation	2002 Proposed Supplemental	2003 President's Request	President's Request Compared to 2002 Appropriation: Amount	Percent
Impact Aid (ESEA VIII)							
1. Payments for federally connected children (section 8003):							
(a) Basic support payments (section 8003(b))	D	882,000	982,500	—	982,500	0	0.0%
(b) Payments for children with disabilities (section 8003(d))	D	50,000	50,000	—	50,000	0	0.0%
Subtotal		932,000	1,032,500	—	1,032,500	0	0.0%
2. Facilities maintenance (section 8008)	D	8,000	8,000	—	8,000	0	0.0%
3. Construction (section 8007)	D	12,802	48,000	—	45,000	(3,000)	-6.3%
4. Payments for Federal property (section 8002)	D	40,500	55,000	—	55,000	0	0.0%
Total	D	993,302	1,143,500	—	1,140,500	(3,000)	-0.3%
Outlays	*D*	*1,040,425*	*1,151,594*	—	*1,124,799*	*(26,795)*	-2.3%

(In thousands of dollars)

Office, Account, Program and Activity	Category Code	2001 Appropriation	2002 Appropriation	2002 Proposed Supplemental	2003 President's Request	President's Request Compared to 2002 Appropriation: Amount	Percent
School Improvement Programs							
1. Improving teacher quality (ESEA II):							
(a) Improving teacher quality State grants (Part A)							
Annual appropriation	D	958,000	1,700,000	—	1,700,000	0	0.0%
Advance for succeeding fiscal year	D	1,150,000	1,150,000	—	1,150,000	0	0.0%
Subtotal		2,108,000 [1]	2,850,000	—	2,850,000	0	0.0%
(b) National activities (Part A, subpart 5):							
(1) School leadership (section 2151(b))	D	0	10,000	—	0	(10,000)	-100.0%
(2) Advanced credentialing (section 2151(c))	D	18,500 [2]	10,000	—	0	(10,000)	-100.0%
(3) Early childhood educator professional development (section 2151(e))	D	10,000 [3]	15,000	—	15,000	0	0.0%
Subtotal		28,500	35,000 [4]	—	15,000	(20,000)	-57.1%
(c) Mathematics and science partnerships (Part B)	D	0	12,500	—	12,500	0	0.0%
(d) Troops-to-teachers (Part C-1-A)	D	0 [5]	18,000 [4]	—	20,000	2,000	11.1%
(e) Transition to teaching (Part C-1-B)	D	31,000 [3]	35,000 [4]	—	39,400	4,400	12.6%
(f) National writing project (Part C-2)	D	10,000 [6]	14,000	—	0	(14,000)	-100.0%
(g) Civic education (Part C-3):							
(1) We the People (section 2344)	D	12,000 [6]	16,200 [7]	—	0	(16,200)	-100.0%
(2) Cooperative education exchange (section 2345)	D	10,000 [8]	10,800 [7]	—	0	(10,800)	-100.0%
(h) Teaching of traditional American history (Part C-4)	D	50,000 [9]	100,000	—	50,000	(50,000)	-50.0%
2. Educational technology:							
(a) Educational technology State grants (ESEA II-D-1 and 2)	D	450,000 [10]	700,500	—	700,500	0	0.0%
(b) Ready-to-learn television (ESEA II-D-3)	D	16,000 [11]	22,000	—	22,000	0	0.0%
(c) Preparing tomorrow's teachers to use technology (HEA II-B)	D	125,000 [11]	62,500	—	0	(62,500)	-100.0%
(d) Technology innovation challenge grants (ESEA section 3136--expired)	D	136,328 [11]	0	—	0	0	—
(e) Technology leadership activities (ESEA section 3122--expired)	D	2,000 [11]	0	—	0	0	—
Subtotal, educational technology		729,328	785,000	—	722,500	(62,500)	-8.0%
3. 21st Century community learning centers (ESEA IV-B)	D	845,614 [11]	1,000,000	—	1,000,000	0	0.0%
4. School choice and innovation:							
(a) State grants for innovative programs (ESEA V Part A)							
Annual appropriation	D	100,000	100,000	—	100,000	0	0.0%
Advance for succeeding fiscal year	D	285,000	285,000	—	285,000	0	0.0%
Subtotal		385,000	385,000	—	385,000	0	0.0%

[1] *Adjusted for comparability. Funds were provided for Eisenhower Professional Development State grants ($485,000 thousand) and Class Size Reduction ($1,623,000 thousand).*
[2] *Adjusted for comparability. Funds were provided under Eisenhower Professional Development Federal Activities for the National Board for Professional Teaching Standards.*
[3] *Adjusted for comparability. Funds were provided under Eisenhower Professional Development National Activities.*
[4] *Included in the $88,080 thousand provided for teacher recruitment and improvement activities.*
[5] *A total of $3,000 thousand was provided for Troops-to-teachers under Eisenhower Professional Development National Activities and transferred to the Department of Defense to administer the program.*
[6] *Adjusted for comparability. Funds were provided in the Education Research, Statistics, and Assessment account.*
[7] *Amounts appropriated have been adjusted to conform with the authorizing statute, which limits the amount available for the Cooperative Education Exchange program to not more than 40 percent of the total appropriated for Civic Education.*
[8] *Adjusted for comparability. Funds were provided for International Education Exchange under the Education Research, Statistics, and Assessment account.*
[9] *Adjusted for comparability. Funds were provided in the Fund for the Improvement of Education under the Education Research, Statistics, and Assessment account.*
[10] *Adjusted for comparability. Funds were provided in the Education Reform account for the Technology Literacy Challenge Fund, previously authorized under ESEA section 3132.*
[11] *Adjusted for comparability. Funds were provided in the Education Reform account.*

(in thousands of dollars) Office, Account, Program and Activity	Category Code	2001 Appropriation	2002 Appropriation	2002 Proposed Supplemental	2003 President's Request	President's Request Compared to 2002 Appropriation Amount	 Percent
School Improvement Programs (continued)							
(b) Charter schools grants (Part B-1)	D	190,000	200,000	—	200,000	0	0.0%
(c) Credit enhancement for charter school facilities (Part B-2)	D	0	0	—	100,000	100,000	—
(d) Voluntary public school choice (Part B-3)	D	0	25,000	—	25,000	0	0.0%
(e) Magnet schools assistance (Part C)	D	110,000	110,000	—	110,000	0	0.0%
(f) Choice demonstration fund (Part D-1)	D	0	0	—	50,000	50,000	—
5. Fund for the Improvement of Education (FIE)(ESEA V-D):							
(a) Programs of national significance (subpart 1)	D	245,938 [1, 2, 3]	383,955	—	35,000	(348,955)	-90.9%
(b) Character education (subpart 3)	D	7,845 [7]	25,000 [4]	—	25,000	0	0.0%
(c) Reading is fundamental/inexpensive book distribution (subpart 5)	D	23,000	24,000 [4]	—	24,000	0	0.0%
(d) Other specific authorities:							
(1) Elementary and secondary school counseling (subpart 2)	D	30,000 [7]	32,500 [4]	—	0	(32,500)	-100.0%
(2) Smaller learning communities (subpart 4)	D	125,000 [8]	142,188	—	0	(142,188)	-100.0%
(3) Javits gifted and talented education (subpart 6)	D	7,500 [8]	11,250 [4]	—	0	(11,250)	-100.0%
(4) Star schools (subpart 7)	D	59,316 [8]	27,520 [4]	—	0	(27,520)	-100.0%
(5) Ready to teach (subpart 8)	D	8,500 [7]	12,000 [4]	—	0	(12,000)	-100.0%
(6) Foreign language assistance (subpart 9)	D	14,000 [8]	14,000 [4]	—	0	(14,000)	-100.0%
(7) Physical education for progress (subpart 10)	D	5,000 [7]	50,000 [4]	—	0	(50,000)	-100.0%
(8) Community technology centers (subpart 11)	D	64,950 [8]	32,475 [4]	—	0	(32,475)	-100.0%
(9) Exchanges with historic whaling and trading partners (subpart 12)	D	0	5,000 [4]	—	0	(5,000)	-100.0%
(10) Arts in education (subpart 15)	D	28,000	30,000 [4]	—	0	(30,000)	-100.0%
(11) Parental assistance information centers (subpart 16)	D	38,000 [8]	40,000 [4]	—	0	(40,000)	-100.0%
(12) Women's educational equity (subpart 21)	D	3,000	3,000 [4]	—	0	(3,000)	-100.0%
Subtotal		383,268 [9]	399,934	—	0	(399,934)	-100.0%
Subtotal, FIE		660,049	832,889	—	84,000	(748,889)	-89.9%
6. Safe and drug-free schools and communities (ESEA IV-A):							
(a) State grants (Subpart 1)							
Annual appropriation	D	109,250	142,017	—	142,017	0	0.0%
Advance for succeeding fiscal year	D	330,000	330,000	—	330,000	0	0.0%
Subtotal, State grants		439,250	472,017	—	472,017	0	0.0%

[1] *Adjusted for comparability. Funds were provided in the Fund for the Improvement of Education under the Education Research, Statistics, and Assessment account.*
[2] *Excludes $10,000 thousand transferred to the Department of the Interior for an award to the National Constitution Center for construction activities.*
[3] *Excludes $573 thousand for this program's share of a reduction pursuant to Section 520 of the fiscal year 2001 Labor, HHS, Education Appropriations Act, which requires that administrative and related expenses for departmental management for the Departments of Labor, HHS, and Education be reduced on a pro rata basis by a total of $25,000 thousand.*
[4] *The total appropriated for programs authorized under the Fund for the Improvement of Education exceeds the authorization for appropriations of $350,000 thousand. The amount provided for this progam may not be available unless a correction to the fiscal year 2002 appropriations act is enacted.*
[5] *Adjusted for comparability. Funds were provided in the Education Research, Statistics, and Assessment account.*
[6] *Adjusted for comparability. Funds were provided in the Education Reform account.*
[7] *Adjusted for comparability. Funds were provided for Telecommunications Demonstration Project for Mathematics under the Education Reform account.*
[8] *Adjusted for comparability. Funds were provided under the Bilingual and Immigrant Education account.*
[9] *Adjusted for comparability. Excludes $50,000 thousand for Teaching of Traditional American History, which was appropriated in fiscal year 2002 as a separate activity in the School Improvement Programs account.*

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(In thousands of dollars)

Office, Account, Program and Activity	Category Code	2001 Appropriation	2002 Appropriation	2002 Proposed Supplemental	2003 President's Request	President's Request Compared to 2002 Appropriation: Amount	Percent
School Improvement Programs (continued)							
(b) National programs (Subpart 2)							
(1) Federal activities and evaluation (sections 4121 and 4122)	D	146,000	134,733	—	146,000	10,267	7.6%
(2) Project SERV (section 4121)	D	10,000	0	—	10,000	10,000	—
(3) National coordinator program (section 4125)	D	50,000	37,500	—	17,233	(20,267)	-54.0%
(4) State grants for community service for expelled or suspended students (section 4126)	D	0	50,000	—	0	(50,000)	-100.0%
(5) Alcohol abuse reduction (section 4129)	D	0	25,000	—	0	(25,000)	-100.0%
(6) Mentoring program (section 4130)	D	0	17,500	—	0	(17,500)	-100.0%
Subtotal, National programs		205,000	284,733	—	172,233	(82,500)	-34.9%
(7) Project SERV emergency supplemental (section 4121)	D	0	10,000	—	0	(10,000)	-100.0%
Subtotal		644,250	746,750	—	644,250	(102,500)	-13.7%
7. State assessments and enhanced assessment instruments (ESEA VI-A-1)	D	0	387,000	—	387,000	0	0.0%
8. Education for homeless children and youth (MVHAA Title VII-B)	D	35,000	50,000	—	50,000	0	0.0%
9. Education for Native Hawaiians (ESEA VII-B)	D	28,000	30,500	—	18,300	(12,200)	-40.0%
10. Alaska Native education equity (ESEA VII-C)	D	15,000	24,000	—	14,200	(9,800)	-40.8%
11. Training and advisory services (CRA IV)	D	7,334	7,334	—	7,334	0	0.0%
12. Rural education (ESEA VI-B)	D	0	162,500	—	0	(162,500)	-100.0%
13. School renovation grants (Department of Education Appropriations Act, 2001, section 321)	D	1,200,000	0	—	0	0	--
Total, Appropriation	D	7,099,075 [1]	7,837,473	—	6,784,484	(1,052,989)	-13.4%
Total, Budget authority		8,849,075	7,837,473	—	6,784,484	(1,052,989)	-13.4%
Current	D	5,334,075 [2]	6,072,473 [2]	—	5,019,484 [2]	(1,052,989)	-17.3%
Prior year's advance	D	1,515,000	1,765,000	—	1,765,000	0	0.0%
Outlays, Total	*D*	*2,796,345*	*4,425,859*	—	*6,940,394*	*2,514,535*	*56.8%*
Current	*D*	*1,672,553*	*2,819,961*	—	*5,304,151*	*2,484,170*	*88.1%*
Advance	*D*	*1,123,792*	*1,605,878*	—	*1,636,243*	*30,365*	*1.9%*

[1] *Adjusted for comparability. Includes $2,281,491 thousand in fiscal year 2001 for programs appropriated in other accounts: $1,870,710 thousand from the Education Reform account, $14,000 thousand from the English Language Acquisition account, and $396,781 thousand from the Education Research, Statistics, and Assessment account. Excludes $51,500 thousand in fiscal year 2001 for programs appropriated in fiscal year 2002 in other accounts: $23,500 thousand in the Education for the Disadvantaged account and $28,000 in the Education Research, Statistics, and Assessment account.*

[2] *Excludes an advance appropriation of $1,765,000 thousand that becomes available on October 1 of the succeeding fiscal year.*

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(in thousands of dollars)

Office, Account, Program and Activity	Category Code	2001 Appropriation	2002 Appropriation	2002 Proposed Supplemental	2003 President's Request	President's Request Compared to 2002 Appropriation: Amount	Percent
Indian Education (ESEA VII)							
1. Grants to local educational agencies (Part A-1)	D	92,765	97,133	—	97,133	0	0.0%
2. Special programs for indian children (Part A-2)	D	20,000	20,000	—	20,000	0	0.0%
3. National activities (Part A-3)	D	2,735	3,235	—	5,235	2,000	61.8%
Total	D	115,500	120,368	—	122,368	2,000	1.7%
Outlays	*D*	*77,791*	*113,048*	—	*118,709*	*5,683*	*5.0%*
Education Reform	D	0	0	—	0	0	
Outlays	*D*	*1,737,888*	*1,792,710*	—	*650,845*	*(1,141,865)*	*-63.7%*
Reading Excellence	D	0	0	—	0	0	
Outlays, Total	*D*	*128,080*	*272,754*	—	*265,698*	*(7,056)*	*-2.6%*
Current	*D*	*128,080*	*251,304*	—	*150,648*	*(100,656)*	*-40.1%*
Advance	*D*	*0*	*21,450*	—	*115,050*	*93,600*	*436.4%*
TOTAL APPROPRIATION, OESE		18,210,998	21,448,241	—	21,435,682	(12,559)	-0.1%
TOTAL BUDGET AUTHORITY, OESE		17,407,481 [3]	21,018,240 [4]	—	21,435,682 [4]	417,442	2.0%

[1] *Adjusted for comparability. Excludes a total of $1,690,710 thousand in fiscal year 2001 for programs funded under the School Improvement Programs account in fiscal year 2002.*

[2] *Adjusted for comparability. Excludes $286,000 thousand in fiscal year 2001 for the Reading and Literacy Grants program, which was replaced in fiscal year 2002 by Reading First State Grants and funded under the Education for the Disadvantaged account.*

[3] *Excludes advance appropriations totalling $8,718,300 thousand that become available on October 1 of fiscal year 2002.*

[4] *Excludes advance appropriations totalling $9,148,801 thousand that become available on October 1 of the succeeding fiscal year.*

(in thousands of dollars)

Office, Account, Program and Activity	Category Code	2001 Appropriation	2002 Appropriation	2002 Proposed Supplemental	2003 President's Request	President's Request Compared to 2002 Appropriation: Amount	Percent
OFFICE OF ENGLISH LANGUAGE ACQUISITION, LANGUAGE ENHANCEMENT, AND ACADEMIC ACHIEVEMENT FOR LIMITED ENGLISH PROFICIENT STUDENTS (formerly OBEMLA)							
English Language Acquisition (ESEA III)							
1. Language acquisition State grants (Part A)	D	0	665,000	—	665,000	0	0.0%
2. Expired programs:							
(a) Bilingual education (ESEA VII-A):							
(1) Instructional services (subpart 1)	D	180,000	0	—	0	0	—
(2) Support services (subpart 2)	D	16,000	0	—	0	0	—
(3) Professional development (subpart 3)	D	100,000	0	—	0	0	—
Subtotal		296,000	665,000	—	665,000	0	0.0%
(b) Immigrant education (ESEA VII-C)	D	150,000	0	—	0	0	—
Total	D	446,000 [1]	665,000 [1]	—	665,000	0	0.0%
Outlays	*D*	*362,652*	*460,110*	—	*610,418*	*150,308*	*32.7%*
TOTAL		446,000	665,000	—	665,000	0	0.0%

[1] *Adjusted for comparability. Excludes $8,000 thousand in fiscal year 2000 and $14,000 thousand in fiscal year 2001 for Foreign Language Assistance, which was included in fiscal year 2002 in the Fund for the Improvement of Education under the School Improvement Programs account.*

(In thousands of dollars)

Office, Account, Program and Activity	Category Code	2001 Appropriation	2002 Appropriation	2002 Proposed Supplemental	2003 President's Request	President's Request Compared to 2002 Appropriation: Amount	Percent
OFFICE OF SPECIAL EDUCATION AND REHABILITATIVE SERVICES (OSERS)							
Special Education (IDEA)							
1. State grants:							
(a) Grants to States (Part B-611 and Part D-674):							
Annual appropriation	D	1,287,885	2,456,533	—	3,456,533	1,000,000	40.7%
Advance for succeeding fiscal year	D	5,072,000	5,072,000	—	5,072,000	0	0.0%
Subtotal		6,339,885	7,528,533	—	8,528,533	1,000,000	13.3%
(b) Preschool grants (Part B-619)	D	390,000	390,000	—	390,000	0	0.0%
(c) Grants for infants and families (Part C)	D	383,567	417,000	—	437,000	20,000	4.8%
Subtotal, State grants		7,113,252	8,335,533	—	9,355,533	1,020,000	12.2%
2. National activities (Part D):							
(a) State improvement (Subpart 1)	D	49,200	51,700	—	51,700	0	0.0%
(b) Research and innovation (section 672)	D	77,353	78,380	—	78,380	0	0.0%
(c) Technical assistance and dissemination (section 685)	D	53,481	53,481	—	53,481	0	0.0%
(d) Personnel preparation (section 673)	D	81,952	90,000	—	90,000	0	0.0%
(e) Parent information centers (sections 682-684)	D	26,000	26,000	—	26,000	0	0.0%
(f) Technology and media services (section 687)	D	38,710	37,710	—	32,710	(5,000)	-13.3%
Subtotal		326,696	337,271	—	332,271	(5,000)	-1.5%
Total, Appropriation	D	7,439,948	8,672,804	—	9,687,804	1,015,000	11.7%
Total, Budget authority		6,109,948	8,672,804	—	9,687,804	1,015,000	11.7%
Current	D	2,367,948 [1]	3,600,804 [1]	—	4,615,804 [1]	1,015,000	28.2%
Prior year's advance	D	3,742,000	5,072,000	—	5,072,000	0	0.0%
Outlays, Total	*D*	*5,809,009*	*6,924,614*	—	*8,191,558*	*1,266,944*	*18.3%*
Current	*D*	*3,587,401*	*2,294,596*	—	*3,186,058*	*891,462*	*38.9%*
Advance	*D*	*2,221,608*	*4,630,018*	—	*5,005,500*	*375,482*	*8.1%*

[1] *Excludes an advance appropriation of $5,072,000 thousand that becomes available on October 1 of the succeeding fiscal year.*

[In thousands of dollars]

Office, Account, Program and Activity	Category Code	2001 Appropriation	2002 Appropriation	2002 Proposed Supplemental	2003 President's Request	President's Request Compared to 2002 Appropriation: Amount	Percent
Rehabilitation Services and Disability Research							
1. Vocational rehabilitation State grants:							
(a) Grants to States (RA I-A and sections 110 and 111)	M	2,375,792	2,455,385	—	2,589,521	134,136	5.5%
(b) Grants for Indians (RA I-C)	M	23,998	25,998	—	26,804	806	3.1%
Subtotal		2,399,790	2,481,383	—	2,616,325	134,942	5.4%
Discretionary	D	0	0	—	82,833	82,833	—
Mandatory baseline	M	2,399,790	2,481,383	—	2,533,492	52,109	2.1%
2. Vocational rehabilitation incentive grants	D	0	0	—	30,000	30,000	—
3. Client assistance State grants (RA section 112)	D	11,847	11,897	—	11,897	0	0.0%
4. Training (RA section 302)	D	39,629	39,629	—	42,629	3,000	7.6%
5. Demonstration and training programs (RA section 303)	D	21,092	21,238	—	17,492	(3,746)	-17.6%
6. Migrant and seasonal farmworkers (RA section 304)	D	2,350	2,350	—	0	(2,350)	-100.0%
7. Recreational programs (RA section 305)	D	2,596	2,596	—	0	(2,596)	-100.0%
8. Protection and advocacy of individual rights (RA section 509)	D	14,000	15,200	—	15,200	0	0.0%
9. Projects with industry (RA VI-A)	D	22,071	22,071	—	0	(22,071)	-100.0%
10. Supported employment State grants (RA VI-B)	D	38,152	38,152	—	0	(38,152)	-100.0%
11. Independent living (RA VII):							
(a) State grants (Chapter 1, Part B)	D	22,296	22,296	—	22,296	0	0.0%
(b) Centers (Chapter 1, Part C)	D	58,000	62,500	—	69,500	7,000	11.2%
(c) Services for older blind individuals (Chapter 2)	D	20,000	25,000	—	25,000	0	0.0%
12. Program improvement (RA section 12(a))	D	1,900	900	—	900	0	0.0%
13. Evaluation (RA section 14)	D	1,587	1,000	—	1,000	0	0.0%
14. Helen Keller National Center for Deaf-Blind Youths and Adults (HKNCA)	D	8,717	8,717	—	8,717	0	0.0%
15. National Institute on Disability and Rehabilitation Research (RA II)	D	100,400	110,000	—	110,000	0	0.0%
16. Assistive technology (ATA)	D	41,112	60,884	—	30,884	(30,000)	-49.3%
17. Access to Telework Fund (RA section 303)	D	0	20,000	—	0	(20,000)	-100.0%
Subtotal		405,549	464,430	—	385,515	(78,915)	-17.0%
Total		2,805,339	2,945,813	—	3,001,840	56,027	1.9%
Discretionary	D	405,549	464,430	—	468,348	3,918	0.8%
Mandatory	M	2,399,790	2,481,383	—	2,533,492	52,109	2.1%
Outlays, Total		*2,730,254*	*3,026,109*	—	*2,981,822*	*(44,287)*	*-1.5%*
Discretionary	*D*	*341,049*	*768,504*	—	*466,411*	*(302,093)*	*-39.3%*
Mandatory	*M*	2,389,205	2,257,605	—	*2,515,411*	257,808	*11.4%*

DEPARTMENT OF EDUCATION FISCAL YEAR 2003 PRESIDENT'S BUDGET

(in thousands of dollars)

Office, Account, Program and Activity	Category Code	2001 Appropriation	2002 Appropriation	2002 Proposed Supplemental	2003 President's Request	President's Request Compared to 2002 Appropriation: Amount	Percent
American Printing House for the Blind (20 U.S.C. 101 et seq.)	D	42,000	14,000	—	14,000	0	0.0%
Outlays	D	10,531	18,538	—	14,000	(4,538)	-24.5%
National Technical Institute for the Deaf (EDA I-B and section 207):							
1. Operations	D	48,000	50,000	—	49,414	(586)	-1.2%
2. Construction	D	5,378	5,378	—	1,800	(3,778)	-70.2%
3. Endowment	D	0	0	—	1,000	1,000	—
Total	D	53,378	55,378	—	52,014	(3,364)	-6.1%
Outlays	D	58,259	47,538	—	51,161	3,623	7.6%
Gallaudet University (EDA I-A and section 207):							
1. Operations	D	89,400	96,938	—	93,446	(3,492)	-3.6%
2. Endowment	D	0	0	—	1,000	1,000	—
Total	D	89,400	96,938	—	94,446	(2,492)	-2.6%
Outlays	D	97,362	91,122	—	94,595	3,473	3.8%
Total, Special Institutions for Persons with Disabilities		154,778	166,314	—	160,460	(5,854)	-3.5%
TOTAL APPROPRIATION, OSERS		10,400,063	11,784,931	—	12,850,104	1,065,173	9.0%
Discretionary	D	8,000,273	9,303,548	—	10,316,612	1,013,064	10.9%
Mandatory	M	2,399,790	2,481,383	—	2,533,492	52,109	2.1%
TOTAL BUDGET AUTHORITY, OSERS		9,070,063	11,784,931	—	12,850,104 [1]	1,065,173	9.0%
Discretionary	D	6,670,273 [1]	9,303,548 [1]	—	10,316,612 [1]	1,013,064	10.9%
Mandatory	M	2,399,790	2,481,383	—	2,533,492	52,109	2.1%

[1] *Excludes an advance appropriation of $5,072,000 thousand that becomes available on October 1 of the succeeding fiscal year.*

(In thousands of dollars)

Office, Account, Program and Activity	Category Code	2001 Appropriation	2002 Appropriation	2002 Proposed Supplemental	2003 President's Request	President's Request Compared to 2002 Appropriation: Amount	Percent
OFFICE OF VOCATIONAL AND ADULT EDUCATION (OVAE)							
Vocational and Adult Education							
1. Vocational education (Carl D. Perkins VTEA):							
(a) State grants (VTEA Title I and WIA section 503):							
Annual appropriation	D	309,000	389,000	—	389,000	0	0.0%
Advance for succeeding fiscal year	D	791,000	791,000	—	791,000	0	0.0%
Subtotal		1,100,000	1,180,000	—	1,180,000	0	0.0%
(b) National programs (section 114)	D	17,500	12,000	—	12,000	0	0.0%
(c) Occupational and employment information (section 118)	D	9,000	9,500	—	0	(9,500)	-100.0%
(d) Tribally controlled postsecondary vocational and technical institutions (section 117)	D	5,600	6,500	—	6,500	0	0.0%
(e) Tech-prep education State grants (Title II)	D	106,000	106,000		106,000	0	0.0%
(f) Tech-prep demonstration (section 207)	D	5,000	5,000	—	0	(5,000)	-100.0%
Subtotal, Vocational education		1,243,100	1,321,000	—	1,306,500	(14,500)	-1.1%
2. Adult Education (Adult Education and Family Literacy Act):							
(a) State grants (AEFLA and WIA section 503)	D	540,000	575,000	—	575,000	0	0.0%
(b) National Institute for Literacy (section 242)	D	6,500	6,560	—	6,617 [1]	57	0.9%
(c) National leadership activities (section 243)	D	14,000	9,500	—	9,500	0	0.0%
Subtotal, Adult education		560,500	591,060	—	591,117	57	0.0%
3. State grants for incarcerated youth offenders (HE Amendments of 1998, VIII-D)	D	17,000 [2]	17,000	—	0	(17,000)	-100.0%
4. Literacy programs for prisoners (NLA, section 801)	D	5,000 [2]	5,000	—	0	(5,000)	-100.0%
Total, Appropriation	D	1,825,600	1,934,060	—	1,897,617	(36,443)	-1.9%
Total, Budget authority		1,825,600	1,934,060	—	1,897,617	(36,443)	-1.9%
Current	D	1,034,600 [3]	1,143,060 [3]	—	1,106,617 [3]	(36,443)	-3.2%
Prior year's advance	D	791,000	791,000	—	791,000	0	0.0%
TOTAL APPROPRIATION, OVAE		1,825,600	1,934,060	—	1,897,617	(36,443)	-1.9%
TOTAL BUDGET AUTHORITY, OVAE		1,825,600 [3]	1,934,060 [3]	—	1,897,617 [3]	(36,443)	-1.9%
Outlays	D	2,262,234	1,994,961	—	1,922,644	(72,317)	-3.6%
Current	D	1,678,437	1,273,608	—	1,131,644	(141,964)	-11.1%
Advance	D	583,797	721,353	—	791,000	69,647	9.7%

[1] *Includes $57 thousand for increased agency pension and annuitant health care costs. Comparable benefit payments for 2001 ($55 thousand) and 2002 ($56 thousand) are currently made from a central Office of Personnel Management mandatory fund.*

[2] *A total of $22,000 thousand in fiscal year 2001 was provided for State Grants for Incarcerated Youth Offenders, which included funding for Literacy Programs for Prisoners.*

[3] *Excludes an advance appropriation of $791,000 thousand that becomes available on October 1 of the succeeding fiscal year.*

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(in thousands of dollars)

Office, Account, Program and Activity	Category Code	2001 Appropriation	2002 Appropriation	2002 Proposed Supplemental	2003 President's Request	President's Request Compared to 2002 Appropriation: Amount	Percent
OFFICE OF STUDENT FINANCIAL ASSISTANCE PROGRAMS (OSFAP)							
Student Financial Assistance							
1. Federal Pell grants (HEA IV-A-1)	D	8,756,000	10,314,000	1,276,000 [1]	10,863,000	549,000	5.3%
Funding surplus used (non-add)	D	256,000	0	—	0	0	—
Funding surplus not used (non-add)	D	0	0	—	0	0	—
Prior-year funding shortfall (non-add)	D	0	(860,000)	—	0	860,000	-100.0%
Current-year funding shortfall (non-add)	D	860,000	1,276,000	—	0	(1,276,000)	-100.0%
Subtotal, Program costs (non-add)		9,872,000	10,730,000	1,276,000	10,863,000	133,000	1.2%
Subtotal, Appropriation		8,756,000	10,314,000 [1]	1,276,000 [1]	10,863,000	549,000	5.3%
Maximum award (in whole dollars)		3,750	4,000	—	4,000	0	0.0%
Recipients (in thousands)		4,284	4,444	—	4,499	55	1.2%
Average award (in whole dollars)		2,299	2,410	—	2,410	0	0.0%
2. Campus-based programs:							
(a) Federal supplemental educational opportunity grants (HEA IV-A-3)	D	691,000	725,000	—	725,000	0	0.0%
(b) Federal work-study (HEA IV-C)	D	1,011,000	1,011,000	—	1,011,000	0	0.0%
(c) Federal Perkins loans (HEA IV-E):							
(1) Capital contributions	D	100,000	100,000	—	100,000	0	0.0%
(2) Loan cancellations	D	60,000	67,500	—	67,500	0	0.0%
Subtotal		160,000	167,500	—	167,500	0	0.0%
Subtotal, Campus-based programs		1,862,000	1,903,500	—	1,903,500	0	0.0%
3. Leveraging educational assistance partnership (HEA IV-A-4)	D	55,000 [2]	67,000 [2]	—	0	(67,000)	-100.0%
4. Loan forgiveness for child care providers (HEA 428K)	D	1,000	1,000	—	1,000	0	0.0%
Total	D	10,674,000	12,285,500	1,276,000	12,767,500	482,000	3.9%
Outlays	*D*	*10,160,986*	*11,992,512*	*0*	*12,695,920*	*703,408*	*5.9%*

[1] *A supplemental of $1,276,000 thousand is proposed to eliminate the projected fiscal year 2002 funding shortfall, which when enacted would increase the Pell Grants 2002 appropriation to $11,590,000 thousand. The supplemental funds for Pell Grants are to be completely offset by a rescission of funds from unrequested earmarks and low-priority programs in the fiscal year 2002 appropriations for the Departments of Labor, Health and Human Services, and Education. The specific rescissions from each agency would be determined by congressional appropriations action.*

[2] *Includes $23,000 thousand in fiscal year 2001 and $37,000 thousand in fiscal year 2002 for Special LEAP, pursuant to HEA Section 415A(b)(2) which states that when the appropriation for LEAP exceeds $30,000 thousand, the excess shall be reserved to carry out Special LEAP authorized under HEA Section 415E.*

(In thousands of dollars)

Office, Account, Program and Activity	Category Code	2001 Appropriation	2002 Appropriation	2002 Proposed Supplemental	2003 President's Request	President's Request Compared to 2002 Appropriation: Amount	Percent
Federal Family Education Loans Liquidating Account (HEA IV-B)							
1. Family education loans	M	(1,063,810) [1]	(744,810) [1]	—	(625,162) [1]	119,648	16.1%
Outlays	*M*	*(852,539)*	*(680,208)*	—	*(625,162)*	*55,046*	*8.1%*
Funds returned to Treasury (non-add)	*M*	*(1,063,810)*	*(744,810)*	—	*(625,162)*	*119,648*	*16.1%*
Federal Family Education Loan Program Account							
1. Loan subsidies (HEA IV-B)	M	3,088,290	3,781,230	—	4,124,260	343,030	9.1%
2. Reestimate of existing loans	M	(4,727,793)	0	—	0	0	0.0%
Total, FFEL Program Account		(1,639,503) [2]	3,781,230 [2]	—	4,124,260	343,030	9.1%
Outlays, Total		*(1,562,285)*	*3,331,825*	—	*3,689,245*	*357,420*	*10.7%*
Discretionary	*D*	*55,652*	*66,761*	—	*11,328*	*(55,433)*	*-83.0%*
Mandatory	*M*	*(1,607,937)*	*3,265,064*	—	*3,677,917*	*412,853*	*12.6%*
Federal Direct Student Loan Program Account							
1. Loan subsidies (HEA IV-B)	M	(1,038,009)	(731,300)	—	(813,212)	118,088	16.1%
2. Reestimate of existing loans	M	481,223	0	—	0	0	—
Subtotal, loan subsidies		(557,786)	(731,300)	—	(813,212)	118,088	-16.1%
3. Federal administration (HEA IV-D section 458):							
(a) Mandatory	M	0	0	—	797,000	797,000	—
(b) Discretionary, modification of mandatory account	D	0	0	—	(797,000)	(797,000)	—
Subtotal, Federal administration		0 [3]	0 [3]	—	0	0	—
Total		(557,786) [3]	(731,300) [3]	—	(813,212)	118,088	16.1%
Discretionary	D	0	0	—	(797,000)	(797,000)	—
Mandatory	M	(557,786)	(731,300)	—	183,788	915,088	-125.1%
Outlays, Total	*M*	*255,182*	*(26,071)*	—	*(282,342)*	*(256,271)*	*-983.0%*
Federal administration--mandatory	*M*	*812,948*	*705,229*	—	*318,743*	*(386,486)*	*-54.8%*
Loan subsidies--mandatory	*M*	*(557,786)*	*(731,300)*	—	*(601,085)*	*130,215*	*17.8%*
Funds returned to Treasury (non-add)	*M*	*(1,717,032)*	*(731,300)*	—	*(813,212)*	*118,088*	*16.1%*
TOTAL, OSFAP		7,382,901	14,590,620	1,276,000	15,853,386	1,062,766	7.3%
Total, Discretionary	D	10,674,000	12,285,500	1,276,000	11,970,500	(315,000)	-2.6%
Total, Mandatory	M	(3,291,099)	2,305,120	—	3,882,886	1,377,766	59.8%

[1] *Reflects net transfers to Treasury; no new budget authority is required.*

[2] *Adjusted for comparability. Excludes discretionary funds of $48,000 thousand in fiscal year 2001 and $48,836 thousand in fiscal year 2002 for Federal administration costs, which are requested in fiscal year 2003 in the proposed Student Aid Administration account.*

[3] *Adjusted for comparability. Excludes mandatory funds of $770,000 thousand in fiscal year 2001 and $780,000 thousand in fiscal year 2002 for Federal administration costs, which are requested in fiscal year 2003 as discretionary funds in the proposed Student Aid Administration account.*

(in thousands of dollars)

Office, Account, Program and Activity	Category Code	2001 Appropriation	2002 Appropriation	2002 Proposed Supplemental	2003 President's Request	President's Request Compared to 2002 Appropriation: Amount	Percent
OFFICE OF POSTSECONDARY EDUCATION (OPE)							
Higher Education							
1. Aid for institutional development (HEA III):							
(a) Strengthening institutions (Part A, section 311)	D	73,000	73,625	—	76,275	2,650	3.6%
(b) Strengthening tribally controlled colleges and universities (Part A, section 316)	D	15,000	17,500	—	18,130	630	3.6%
(c) Strengthening Alaska Native and Native Hawaiian-serving institutions (Part A, section 317)	D	6,000	6,500	—	6,734	234	3.6%
(d) Strengthening HBCUs (Part B section 323)	D	185,000	206,000	—	213,415	7,415	3.6%
(e) Strengthening historically black graduate institutions (Part B, section 326)	D	45,000	49,000	—	50,764	1,764	3.6%
(f) Minority science and engineering improvement (Part E-1)	D	8,500	8,500	—	8,500	0	0.0%
Subtotal		332,500	361,125	—	373,818	12,693	3.5%
2. Other aid for institutions:							
(a) Developing Hispanic-serving institutions (HEA V)	D	68,500	86,000	—	89,096	3,096	3.6%
(b) International education and foreign language studies:							
(1) Domestic programs (HEA VI-A and B)	D	67,000	85,200	—	88,000	2,800	3.3%
(2) Overseas programs (MECEA section 102(b)(6))	D	10,000	11,800	—	13,000	1,200	10.2%
(3) Institute for International Public Policy (HEA VI-C)	D	1,022	1,500	—	1,500	0	0.0%
Subtotal		78,022	98,500	—	102,500	4,000	4.1%
(c) Fund for the Improvement of Postsecondary Education (HEA VII-B)	D	146,687	180,922	—	39,138	(141,784)	-78.4%
(d) Demonstration projects to ensure quality higher education for students with disabilities (HEA VII-D)	D	6,000	7,000	—	0	(7,000)	-100.0%
(e) Interest subsidy grants (HEA section 121)	D	10,000	5,000	—	3,000	(2,000)	-40.0%
3. Assistance for students:							
(a) Federal TRIO programs (HEA IV-A-2, Chapter 1)	D	730,000	802,500	—	802,500	0	0.0%
(b) Gaining early awareness and readiness for undergraduate programs (GEAR UP) (HEA IV-A-2, Chapter 2)	D	295,000	285,000	—	285,000	0	0.0%
(c) Scholarships and fellowships:							
(1) Byrd honors scholarships (HEA IV-A-6)	D	41,001	41,001	—	41,001	0	0.0%
(2) Javits fellowships (HEA VII-A-1)	D	10,000	10,000	—	10,000	0	0.0%
(3) Graduate assistance in areas of national need (HEA VII-A-2)	D	31,000	31,000	—	31,000	0	0.0%
(4) Thurgood Marshall legal educational opportunity program (HEA VII-A-3)	D	4,000	4,000	—	0	(4,000)	-100.0%
(5) B.J. Stupak Olympic scholarships (HE Amendments of 1992, section 1543)	D	1,000	1,000	—	0	(1,000)	-100.0%
(d) Child care access means parents in school (HEA IV-A-7)	D	25,000	25,000	—	15,000	(10,000)	-40.0%
(e) Learning anytime anywhere partnerships (HEA IV-A-8)	D	30,000	0	—	0	0	—
4. Teacher quality enhancement (HEA II)	D	98,000	90,000	—	90,000	0	0.0%
5. GPRA data/HEA program evaluation (Department of Education Appropriations Act, 2001)	D	3,000	1,000	—	1,000	0	0.0%
6. Underground railroad program (HE Amendments of 1998, VIII-H)	D	1,750	2,000	—	0	(2,000)	-100.0%
7. Web-based Education Commission (HE Amendments of 1998, VIII-J)	D	250	0	—	0	0	—
Total	D	1,911,710	2,031,048	—	1,883,053	(147,996)	-7.3%
Outlays	D	1,462,478	1,865,964	—	1,953,349	87,385	4.7%

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(in thousands of dollars)

Office, Account, Program and Activity	Category Code	2001 Appropriation	2002 Appropriation	2002 Proposed Supplemental	2003 President's Request	President's Request Compared to 2002 Appropriation: Amount	Percent
Howard University (20 U.S.C. 121 et seq.)							
1. Howard University Hospital (20 U.S.C. 128)	D	30,374	30,374	—	30,374	0	0.0%
2. General support (20 U.S.C. 123 and 130aa)	D	202,100	207,100	—	207,100	0	0.0%
Total	D	232,474	237,474	—	237,474	0	0.0%
Outlays	*D*	*242,721*	*226,826*	—	*237,474*	*10,648*	*4.7%*
Higher Education Facilities Loans Liquidating Account (HEA section 121)							
1. Higher education facilities loans	M	(1,370)	(1,243)	—	(1,287)	(44)	3.5%
Outlays	*M*	*(957)*	*(1,214)*	—	*(1,169)*	*45*	*-3.7%*
College Housing and Academic Facilities Loans Liquidating Account (HEA section 121)							
1. College housing and academic facilities loans (HEA section 121)	M	6,654 [1]	4,553	—	4,371	(182)	-4.0%
Outlays	*M*	*2,718*	*(6,377)* [2]	—	*1,333*	*7,710*	*-120.9%*
College Housing and Academic Facilities Loans Program Account (HEA section 121)							
1. Federal administration (FCRA section 505(e))	D	762	762	—	787 [3]	25	3.3%
Outlays	*D*	*786*	*788*	—	*791*	*3*	*0.4%*
College Housing Loans Liquidating Account (HEA section 121)							
Outlays	*M*	*(34,158)*	*(34,055)*	—	*(28,183)*	*5,872*	*-17.2%*
Historically Black College and University Capital Financing Program Account (HEA III-D)							
1. Federal administration (FCRA section 505(e))	D	208	208	—	211 [4]	3	1.4%
Outlays	*D*	*195*	*204*	—	*212*	*8*	*3.9%*
TOTAL, OPE		2,150,438	2,272,802	—	2,124,609	(148,193)	-6.5%
Total, Discretionary	D	2,145,154	2,269,492	—	2,121,525	(147,967)	-6.5%
Total, Mandatory	M	5,284	3,310	—	3,084	(226)	-6.8%

[1] *Includes funds to make principal repayments for previous years.*

[2] *Reflects a change in the interest payment schedule, which will result in a lower interest payment in fiscal year 2002.*

[3] *Includes $25 thousand for increased agency pension and annuitant health care costs. Comparable benefit payments for 2001 ($38 thousand) and 2002 ($37 thousand) are currently made from a central Office of Personnel Management mandatory fund.*

[4] *Includes $3 thousand for increased agency pension and annuitant health care costs. Comparable benefit payments for 2001 ($26 thousand) and 2002 ($25 thousand) are currently made from a central Office of Personnel Management mandatory fund.*

(In thousands of dollars)

Office, Account, Program and Activity	Category Code	2001 Appropriation	2002 Appropriation	2002 Proposed Supplemental	2003 President's Request	President's Request Compared to 2002 Appropriation: Amount	Percent
OFFICE OF EDUCATIONAL RESEARCH AND IMPROVEMENT (OERI)							
Education Research, Statistics, and Assessment							
1. Research, development and dissemination:							
(a) Research and dissemination (ERDDIA Part C, section 941(a)-(g) and Parts B and E)	D	120,567	121,817	—	175,000	53,183	43.7%
(b) Regional educational laboratories (ERDDIA section 941 (h))	D	65,000	67,500	—	67,500	0	0.0%
Subtotal		185,567	189,317		242,500	53,183	28.1%
2. Statistics (NESA)	D	80,000	85,000	—	95,000	10,000	11.8%
3. Assessment:							
(a) National assessment (NESA section 411)	D	36,000	107,500	—	90,825	(16,675)	-15.5%
(b) National Assessment Governing Board (NESA section 412)	D	4,000	4,053	—	4,598 [1]	545	13.4%
Subtotal		40,000	111,553	—	95,423	(16,130)	-14.5%
4. Multi-year grants and contracts (ERDDIA-J):							
(a) Eisenhower regional mathematics and science education consortia	D	15,000	15,000	—	0	(15,000)	-100.0%
(b) Regional technology in education consortia	D	10,000 [2]	10,000	—	0	(10,000)	-100.0%
(c) Comprehensive regional assistance centers	D	28,000 [3]	28,000	—	0	(28,000)	-100.0%
(d) Other	D	4,800 [4]	5,000	—	0	(5,000)	-100.0%
Subtotal		57,800	58,000	—	0	(58,000)	-100.0%
Total	D	363,367 [5]	443,870	—	432,923	(10,947)	-2.5%
Outlays	D	565,477	818,554	—	510,472	(308,082)	-37.6%
TOTAL, OERI		363,367	443,870	—	432,923	(10,947)	-2.5%

[1] *Includes $36 thousand for incseased agency pension and annuitant health care costs. Comparable benefit payments of $3 thousand for 2001 and 2002 are currently made from a central Office of Personnel Management mandatory fund.*

[2] *Adjusted for comparability. Funds were provided in the Education Reform account.*

[3] *Adjusted for comparability. Funds were provided in the School Improvement Programs account.*

[4] *Funds were provided under Eisenhower Professional Development Federal Activities.*

[5] *Adjusted for comparability. Includes $38,000 thousand in fiscal year 2001 for programs appropriated in the School Improvement Programs and the Education Reform accounts. Excludes $388,281 thousand in fiscal year 2001 for programs appropriated in fiscal year 2002 under the School Improvement Programs account.*

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DEPARTMENT OF EDUCATION FISCAL YEAR 2003 PRESIDENT'S BUDGET

(in thousands of dollars)

Office, Account, Program and Activity	Category Code	2001 Appropriation	2002 Appropriation	2002 Proposed Supplemental	2003 President's Request	President's Request Compared to 2002 Appropriation Amount	Percent
DEPARTMENTAL MANAGEMENT							
Program Administration (DEOA)							
1. Salaries and expenses	D	354,562 [1]	364,761 [2]	—	399,000	34,239	9.4%
2. Building modernization	D	0	0	—	12,795	12,795	—
3. Agency increase for full funding of Federal retiree costs	D	0	0	—	11,496	11,496	—
4. Comparable increment for full funding of Federal retiree costs (non-add)	D	10,677 [3]	10,756 [3]	—	11,496	740	6.9%
Total–with comparable increment (non-add)		365,239	375,517	—	434,787 [4]	59,270	15.8%
Total	D	354,562 [3]	364,761 [3]	—	423,291	58,530	16.0%
Outlays	D	435,417	437,423	—	409,025	(28,398)	-6.5%
Office for Civil Rights (DEOA, section 203)							
1. Salaries and expenses	D	75,822 [1]	79,934	—	86,276	6,342	7.9%
2. Agency increase for full funding of Federal retiree costs	D	0	0	—	3,434	3,434	—
3. Comparable increment for full funding of Federal retiree costs (non-add)	D	3,373 [3]	3,442 [3]	—	3,434	(8)	-0.2%
Total–with comparable increment (non-add)		79,195	83,376	—	93,144	9,768	11.7%
Total	D	75,822	79,934	—	89,710	9,776	12.2%
Outlays	D	80,096	82,480	—	86,155	3,675	4.5%
Office of the Inspector General (DEOA, section 212)							
1. Salaries and expenses	D	36,411 [1]	38,720	—	41,000	2,280	5.9%
2. Agency increase for full funding of Federal retiree costs	D	0	0	—	1,361	1,361	—
3. Comparable increment for full funding of Federal retiree costs (non-add)	D	1,289 [3]	1,291 [3]	—	1,361	70	5.4%
Total–with comparable increment (non-add)		37,700	40,011	—	43,722	3,711	9.3%
Total	D	36,411	38,720	—	42,361	3,641	9.4%
Outlays	D	35,983	39,024	—	41,115	2,091	5.4%
Departmental Renovation (DEOA)							
Outlays	D	185	2,436	—	0	(2,436)	-100.0%
TOTAL, DEPARTMENTAL MANAGEMENT		466,795	483,415	—	555,362	71,947	14.9%

[1] *Reflects a reduction pursuant to Section 520 of the fiscal year 2001 Labor, HHS, Education Apropriations Act, which requires that administrative and related expenses for departmental management for the Departments of Labor, HHS, and Education be reduced on a pro rata basis by a total of $25,000 thousand: $988 thousand for Program Administration, $178 thousand for Office for Civil Rights, and $89 thousand for Office of the Inspector General.*

[2] *Reflects an $803 thousand reduction pursuant to Section 516 of the Fiscal Year 2002 Labor, HHS, Education Appropriations Act, which requires that administrative and related expenses for departmental management for the Departments of Labor, HHS, and Education be reduced on a pro rata basis by a total of $25,000 thousand.*

[3] *Comparable amounts for 2001 and 2002 reflect the benefit payments that are currently made from a central Office of Personnel Management mandatory fund.*

[4] *Adjusted for comparability. Excludes funds to administer student aid programs, which are consolidated with FFEL and FDSL Federal administration costs and requested in fiscal year 2003 under the proposed Student Aid Administration account: $57,634 thousand in fiscal year 2001, and $58,848 thousand in fiscal year 2002.*

(In thousands of dollars)

Office, Account, Program and Activity	Category Code	2001 Appropriation	2002 Appropriation	2002 Proposed Supplemental	2003 President's Request	President's Request Compared to 2002 Appropriation Amount	Percent
Student Aid Administration							
1. Student aid administration (DEOA and HEA IV-D section 458):							
(a) Administrative costs	D	0	0	—	932,000	932,000	—
(b) Agency increase for full funding of Federal retiree costs	D	0	0	—	4,386	4,386	—
(c) Comparable increment for full funding of Federal retiree costs (non-add)	D	4,898 [1]	4,765 [1]	—	4,386	(379)	-8.0%
(d) Payments for services to guaranty agencies (HEA IV-D section 458)(non-add)	D	0	0	—	195,000	195,000	—
Total--with comparable increment (non-add)		4,898	4,765	—	936,386	1,131,007	19551.3%
Subtotal		0	0	—	936,386	936,386	—
2. Prior mandatory Federal administration (HEA IV-D section 458):							
(a) Federal administration	M	770,000	780,000	—	0	(780,000)	-100.0%
(b) Payments for services to guaranty agencies (non-add)	M	170,000	180,000	—	0	(180,000)	-100.0%
Subtotal		770,000 [2]	780,000 [2]	—	0	(780,000)	-100.0%
3. Prior discretionary student aid administration:							
(a) FFEL Federal administration (FCRA section 505(e))	D	48,000 [3]	48,836 [3,4]	—	0	(48,836)	-100.0%
(b) Program administration costs	D	57,634 [5]	58,648 [5]	—	0	(58,648)	-100.0%
Subtotal		105,634	107,484	—	0	(107,484)	-100.0%
Total--with comparable increment for retiree costs (non-add)		880,332	892,249	—	936,386	243,523	4.0%
Total		875,634	887,484	—	936,386	48,902	5.5%
Discretionary	D	105,634	107,484	—	936,386	828,902	771.2%
Mandatory	M	770,000	780,000	—	0	(780,000)	-100.0%
Outlays		0	0	—	603,179	603,179	—

[1] *Comparable amounts for 2001 and 2002 reflect the benefit payments that are currently made from a central Office of Personnel Management mandatory fund.*

[2] *Adjusted for comparability. Funds were provided in the Federal Direct Student Loans Program Account.*

[3] *Adjusted for comparability. Funds were provided in the Federal Family Education Loans Program Account.*

[4] *Reflects an $800 thousand reduction pursuant to Section 516 of the Fiscal Year 2002 Labor, HHS, Education Appropriations Act, which requires that administrative and related expenses for departmental management for the Departments of Labor, HHS, and Education be reduced on a pro rata basis by a total of $25,000 thousand.*

[5] *Adjusted for comparability. Funds were provided in the Program Administration account.*

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DEPARTMENT OF EDUCATION FISCAL YEAR 2003 PRESIDENT'S BUDGET

(in thousands of dollars)

Office, Account, Program and Activity	Category Code	2001 Appropriation	2002 Appropriation	2002 Proposed Supplemental	2003 President's Request	President's Request Compared to 2002 Appropriation: Amount	Percent
Contributions (DECA, section 421)	M	262	0	—	0	0	—
Outlays	M	889	100	—	40	(60)	-60.0%
Receipts:							
1. Perkins loan repayments	M	(62,000)	(50,000)	—	(50,000)	0	0.0%
2. CHAFL downward reestimate of loan subsidies	M	(1,645)	(27)		0	27	-100.0%
3. HEAF funds	D	(7,000)	0	—	0	0	—
Total		(70,645)	(50,027)	—	(50,000)	27	-0.1%
Discretionary	D	(7,000)	0	—	0	0	—
Mandatory	M	(63,645)	(50,027)	—	(50,000)	27	-0.1%
Outlays, Total		*(70,645)*	*(50,027)*	—	*(50,000)*	*27*	*-0.1%*
Discretionary	*D*	*(7,000)*	*0*	—	*0*	*0*	—
Mandatory	*M*	*(63,645)*	*(50,027)*	—	*(50,000)*	*27*	*-0.1%*
Chicago Litigation Settlement Outlays	*D*	*812*	*1,870*	—	*635*	*(1,235)*	*-66.0%*
APPROPRIATION TOTAL, EDUCATION DEPARTMENT		42,061,403	54,480,396	1,276,000	56,501,069	2,040,673	3.7%
Discretionary funds	D	42,230,821	48,940,810	1,276,000	50,331,807	1,390,997	2.8%
Mandatory funds	M	(169,418)	5,519,786	—	6,169,462	649,676	11.8%
COMPARABLE APPROPRIATION TOTAL, EDUCATION DEPARTMENT							
(Reflects comparable 2001 and 2002 increment for full funding of Federal retiree costs)		42,084,532	54,483,709	1,276,000	56,501,069	2,017,360	3.7%
Discretionary funds		42,253,950	48,963,923	1,276,000	50,331,807	1,367,884	2.8%
Mandatory funds		(169,418)	5,519,786	—	6,169,462	649,676	11.8%
BUDGET AUTHORITY TOTAL, EDUCATION DEPARTMENT		39,927,866	54,030,395	1,276,000	56,501,069	2,470,674	4.6%
Discretionary funds	D	40,097,284 [1]	48,510,809 [2]	1,276,000	50,331,807 [2]	1,820,998	3.8%
Mandatory funds	M	(169,418)	5,519,786	—	6,169,462	649,676	11.8%
OUTLAYS TOTAL, EDUCATION DEPARTMENT		*36,491,380*	*47,719,257*	*0*	*54,058,903*	*6,339,646*	*13.3%*
Discretionary funds	*D*	*36,402,642*	*42,994,440*	*0*	*48,851,058*	*5,856,618*	*13.6%*
Mandatory funds	*M*	*88,738*	*4,724,817*	—	*5,207,845*	*483,028*	*10.2%*

[1] *Excludes a total of $14,581,300 thousand in advance appropriations that becomes available on October 1 of fiscal year 2002.*

[2] *Excludes a total of $15,011,301 thousand in advance appropriations that becomes available on October 1 of the succeeding fiscal year.*

NOTE: Appropriation totals displayed above reflect the total funds provided in the year of appropriation, including advance appropriation amounts that do not become available until the succeeding fiscal year. The total budget authority reflects funds that become available in the fiscal year shown, which includes new amounts provided for that fiscal year and amounts advanced from the prior year's appropriation.

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